

**NOMINATIONS OF HON. JAMES C. MILLER III,
STEPHEN CRAWFORD, D. MICHAEL BENNETT,
AND VICTORIA REGGIE KENNEDY TO BE
GOVERNORS, U.S. POSTAL SERVICE**

HEARING

BEFORE THE

**COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED THIRTEENTH CONGRESS**

SECOND SESSION

NOMINATIONS OF HON. JAMES C. MILLER III, STEPHEN CRAWFORD,
D. MICHAEL BENNETT, AND VICTORIA REGGIE KENNEDY TO BE
GOVERNORS, U.S. POSTAL SERVICE

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PENDING NOMINATIONS FOR GOVERNORS, U.S. POSTAL SERVICE

MONDAY, JULY 14, 2014

U.S. SENATE,
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 3:04 p.m., in room 342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Committee, presiding.

Present: Senator Carper.

Also present: Senator Markey.

OPENING STATEMENT OF CHAIRMAN CARPER

Chairman CARPER. The Committee will come to order, and that includes the former Senator from Connecticut who is sitting in the audience behind Senator Markey.

Chris, nice to see you. I think all of us were for Vicki until you and Eddie showed up. [Laughter.]

It will be a close call on that. We will see if we cannot get it through and try to get it done.

Senator Markey, I do not know what kind of timeframe that you are on, but if you can give me some flavor, I want to be respectful of your time.

I am going to give a statement for about the next probably 45 minutes. [Laughter.]

Probably the next 5 or 6 minutes and then introduce our nominees.

And at some point in time, if you would like, you can go first in introducing Ms. Kennedy, or you can go later. What works for you?

Senator MARKEY. Whatever is most convenient for you, Mr. Chairman.

Chairman CARPER. Aren't you nice?

Senator MARKEY. Honestly, I am at your discretion.

Chairman CARPER. All right. That was very senatorial, I thought. All right. Let me just give my statement.

And Senator Coburn is flying in from Oklahoma. I think his plane will be in around a little before 3:30, and he will join us as quickly as he can.

But we are meeting today to consider four nominations, as you know, to fill vacancies on the U.S. Postal Service's Board of Governors—important positions. We are considering these nominations at what is a very challenging time for the Postal Service.

I like to quote Albert Einstein. He used to say, in adversity lies opportunity.

And, while there is adversity for the United States Postal Service (USPS) now and in the last several years, there is great opportunity as well, and we will talk a little bit about that when we get underway.

The Postal Service operates at the center of a massive printing, delivery, and logistics industry that employs millions of people. I have heard as many as seven or eight million people. And, even as First-Class Mail, like letters, greeting cards and even wedding invitations are losing ground to other forms of communication, I think the future is bright for the Postal Service in a number of ways. Advertising mail is still a popular and effective option for mail as we are reminded every day when we check our mail. E-commerce and package delivery are also booming, making the Postal Service a vital partner for businesses both large and small. Even the Postal Service's traditional competitors rely on it to carry items the last mile, to the last 5 miles, or the last 10 miles or even further to rural communities around our country.

For years, many people have questioned whether the Postal Service has a future. These developments that I have mentioned tell me, at least, that it does and potentially a very bright one. But all of this is at risk if those of us here in Congress continue to prove incapable of making the kind of tough decisions necessary to make the Postal Service competitive in the years to come. As important as the Board of Governors is, Congress holds the keys to the Postal Service's future. The men and women on the Board—including those before us today, should they be confirmed—have little chance of success unless we do our jobs and pass comprehensive postal reform legislation.

The Postal Service today carries barely enough cash to make payroll. Its line of credit with the Treasury, as you may know, is maxed out at \$15 billion. And it has been incapable for years of making capital investments, including the technological investments necessary to compete with an United Parcel Service (UPS) or a Federal Express (FedEx). Things are so bad that the Postal Service has letter carriers on the streets today driving inefficient, sometimes unsafe vehicles that guzzle gas, break down, and are older than a lot of members of my staff. That is just not acceptable.

Some observers point to the boom in package delivery and the fact that the Postal Service occasionally makes a small operating profit and say, well, things are OK, while they argue that tough decisions are not necessary and that we should be happy with a Postal Service that just limps along.

For me, that is not acceptable.

For Dr. Coburn, far be it for me to speak for him, but that is not acceptable to him either.

The Postal Service is not acceptable to the majority of this Committee either.

The Postal Service is just one major international crisis, one recession, or one big spike in gas prices away from failure. On top of that, with a few tools at their disposal and their efforts to keep the Postal Service afloat, postal management announced just the other week that it would be closing an additional 82 mail processing plants across our country and further slowing down mail delivery in every community in the country.

This comes after the loss of about half the Postal Service's mail processing capacity in recent years. At a time when the future holds so much promise for the Postal Service, this is a potentially devastating blow that will further sap the confidence the public has in the Postal Service and its ability to remain relevant. If we want a Postal Service that our constituents can rely on, that families can rely on, that businesses can rely on, and one that has a chance of continuing the progress that we have seen made in package delivery, we need to pass a bill—not just any bill, a bill that looks a lot like the one that has been reported out by a strong margin in this Committee and sent to the full Senate.

I think our Committee has done its work on this issue to date. In February, as I said earlier, we sent a bill to the full Senate that would save the Postal Service billions of dollars in pension and health care costs, including by allowing it to take full advantage of the investment its employers have made over the years in Medicare.

The Postal Service pays more money into Medicare than any employer in the country. They do not get full value for that, and it is not fair. There is a serious equity problem there. Our legislation would also provide the Postal Service with an immediate cash infusion through a refund of its overpayment in the Federal employee retiree system and free it to compete in new lines of business. More importantly, our legislation will preserve existing service standards, including the 82 plants and Saturday mail delivery, at least for the time being, until a lot of the reforms have had a chance to bear fruit, to raise revenues and hopefully provide a profitable future for the Postal Service.

I think our legislation is a solid, comprehensive, and realistic response to a very real crisis. In my opinion, it is the only one introduced in the House or Senate, in recent years at least, that would actually work.

And Dr. Coburn and I, and I think the majority of our Committee, are interested and are committed to fixing this problem. This is one that can be fixed, and we are determined to do that, working with all the key stakeholders who care about this issue.

The Postal Service has indicated that the legislation would give it the cash needed to pay down debt, account for its pension and health care obligations, invest in capital, and still have as much as \$7 billion or more in cash on hand after 10 years.

I think that is a huge step forward especially when you are thinking about a fleet of vehicles across the country. I think a couple hundred thousand vehicles in the fleet. I think the average age is over 20 years. They are fuel-inefficient. They are energy-inefficient. They are not configured to be able to carry a lot of packages and parcels.

The mail processing equipment—a lot of the mail processing centers are a generation old, 20 years old. It is not well suited for packages and parcels.

We need to help recapitalize the Postal Service, and the legislation that we have reported out of here will do that, I think, with \$30 billion available in capital investments for the next 10 years or so.

We look forward to talking with our nominees today about what they think needs to be done to address the challenges facing the Postal Service, and the skills they think they bring to the table. If confirmed, this group of nominees would nearly double the size of the current Board. So there is an opportunity with this new injection of talent, combined with the enactment of a solid postal reform bill, to make significant progress in the very near future.

And, with that having been said, what I think I will do is just introduce—Senator Markey, I am going to introduce Dr. Miller, and I will go first with him, then Stephen Crawford, and David Bennett. And then when I come to Ms. Kennedy, we will ask you to introduce her, and I may make a couple of ad libs on top of what you say.

But let me just start off by, first of all, saying to all of you, thanks very much for your willingness to take on this important responsibility.

James Miller is currently a senior advisor at the international law firm of Husch Blackwell. He is a member of the Board of Americans for Prosperity and a senior fellow at the Hoover Institution at the Stanford University.

Earlier in his career, he was the Director of the Office of Management and Budget (OMB) and the first Administrator of OMB's Office of Information and Regulatory Affairs.

For you, no purgatory, straight to heaven.

Mr. Miller has 8 years of prior experience in the position he is nominated for today, having served on the Board of Governors of the U.S. Postal Service from 2003 to 2011.

He is itching to get back into the game. Well, I do not know that, but he is willing to get back into the game.

Stephen Crawford, nice to see you. How are you? Mr. Crawford is a research professor at the George Washington Institute of Public Policy at George Washington University (GWU).

And, previously, he served as Vice President for Policy and Research at the Corporation for Enterprise Development, and from 2008 to 2009 he served as the Deputy Director of the Metropolitan Policy Program at the Brookings Institution.

Mr. Crawford is a U.S. Army veteran, received a Bronze Star for his service as an infantry officer in Vietnam.

As somebody who spent a couple years over there myself while a naval flight officer, welcome home. It is great. Thanks for that service and for your willingness to service in this capacity.

David Michael Bennett, Senior Vice President of Information Management and Chief Information Officer (CIO) of British Aerospace (BAE) Systems, a position he has held since 2010. Previously, he practiced law in various positions with Northrop Grumman, Electronic Data Systems (EDS) Corporation and the U.S. Department of Commerce.

In 2012, he received the Minority Business Leader Award from the Washington Business Journal.

Great to see you. Thanks for your willingness to be with us today and to assume this responsibility if confirmed.

And to introduce our fourth nominee, Victoria Reggie Kennedy, is my friend, my colleague, Senator Ed Markey.

OPENING STATEMENT OF SENATOR MARKEY

Senator MARKEY. Thank you, Mr. Chairman, very much and thank you for allowing me to introduce my great friend, the incredibly talented Victoria Reggie Kennedy, who has been nominated by President Obama to serve on the Board of Governors of the United States Postal Service.

Vicki Kennedy is a public service powerhouse for our country. A brilliant, gifted attorney, advisor and public servant, Vicki will be an outstanding member of the Postal Service Board of Governors. She will bring intellectual rigor, innovative and strategic ideas, leadership, and her endless energy to this post. Indeed, Vicki's career is singularly suited to the Postal Service Board at a time when it needs public servants as dedicated and creative as Vicki.

From our first Postmaster, Benjamin Franklin, to today, the Postal Service has been an integral part of our democracy. It pushes the frontiers of communication, rain or shine, through war-time and peace.

Vicki will bring that same steadfast service to the Board and a wealth of expertise. When she was a partner at a major law firm, she helped banks reorganize and recapitalize. At a time when efficiency and funding are both issues for the USPS, her experience will be invaluable.

Today, Vicki helps organizations develop strategies to resolve complex issues, and today's Postal Service has no dearth of similar business matters to resolve.

And like her husband, our beloved colleague, the legendary Senator Ted Kennedy, Vicki believes in the importance of helping government work at its best to serve the American people, and that is why she is the President of the Board and Co-Founder of the Edward M. Kennedy Institute for the U.S. Senate, created to educate the public about the unique role of the Senate in our democracy.

Under Vicki's leadership, this innovative hub of history will open next year, adjacent to the John F. Kennedy Library. The Institute will provide visitors a state-of-the-art, high-tech, interactive opportunity to learn lessons from America's past and develop new ideas that can help shape a better future.

She can do the same thing for the United States Postal Service.

She is also a trustee of the Kennedy Center for the Performing Arts, a member of the Board of Overseers of the Museum of Fine Arts in Boston and a member of the Board of Directors of the National Leadership Roundtable on Church Management.

She is a summa cum laude graduate of Tulane University School of Law, a Phi Beta Kappa graduate of Tulane University, and she has received honorary degrees from Boston University, Northeastern, University of Massachusetts, Suffolk University, on and on. And that is an impressive list of accolades and a testament to her intelligence, her character and her accomplishments.

The Postal Service needs Vicki Kennedy. The Board needs talented, proven leaders who can assess the problems facing the USPS and creatively and capably help the Postal Service resolve those challenges. That is exactly who Vicki Kennedy is.

We all greatly admire Vicki and have complete confidence in her. Vicki Kennedy will shine on the Board of Governors, and our country will be the better for her service.

I thank you, Mr. Chairman.

Chairman CARPER. Thank you, Senator Markey.

All I can say, Vicki, is after listening to that introduction to our nominees, whenever I am nominated by some President someday, I want Ed Markey to introduce me, too. I figure even I could get confirmed with an introduction like that.

Senator Markey, thank you so much. It was great to see you and then see over your left shoulder, my old friend, Chris Dodd.

Chris, thank you very much for joining us. I know it means a lot.

I always feel like I should ask you to come in here and sit with us, Senator Dodd, but I am told that is against the rules. But you know that is where my heart is.

All right. I think before we proceed—and, Senator Markey, I know you have other things to do, if you need to leave. We should be done here by 9 tonight, but if you need to slip out before then, feel free to do that.

Before we proceed with your statements, committee rules require that all witnesses at nomination hearings give their testimony under oath.

And I am going to ask if you all will please stand and raise your right hand.

Do you swear the testimony you will give before this Committee will be the truth, the whole truth and nothing but the truth; so help you, God?

Mr. MILLER. I do.

Mr. CRAWFORD. I do.

Mr. BENNETT. I do.

Ms. KENNEDY. I do.

Chairman CARPER. Please be seated.

It is Dr. Miller, isn't it?

Mr. MILLER. Yes, it is.

Chairman CARPER. It is Dr. Miller. My staff keeps wanting to call you Mr. Miller. All that work—we are going to call you Doctor.

But you are welcome to proceed with your statement. And if you want to introduce any family or friends here with you today, I would just invite you to do that; please feel free.

Again, we are delighted that you are here that you are willing to serve once more in this capacity. Thank you.

**TESTIMONY OF THE HONORABLE JAMES C. MILLER, III, TO BE
A GOVERNOR, U.S. POSTAL SERVICE**

Mr. MILLER. Thank you, Mr. Chairman.

I should point out that Mr. Jefferson once said there is no higher honor you can pay a man but to call him Mister and mean it.

So, Mr. Chairman, thank you for inviting us here today.

I have a prepared statement I ask to be included in the record.¹

Chairman CARPER. Without objection.

And one of my other favorite Jefferson quotes is if the people know the truth, they will not make a mistake.

Is that not good? That is a good one for us these days.

If people know the truth, they will not make a mistake. Please proceed.

¹ The prepared statement of Mr. Miller appears in the Appendix on page 44.

Mr. MILLER. Thank you for holding this hearing.

Thank you for your interest in the Postal Service.

As you point out, the stress of the Postal Service brings forth opportunities. And the things you can do with this Committee, and the Senate can do and the House can do, can make the difference between restoring the Postal Service to a solid footing and seeing it become a very expensive ward of the State.

And I commend you for the past—the progress on S. 1486. It is a very large step forward toward the goal of restoring the Postal Service.

And, if you confirm me, I will work to obtain that end. I hope the House will pass a bill and that a conference bill will become law.

I want to thank President Obama for nominating me, and thank Majority—Minority Leader McConnell for recommending me.

Chairman CARPER. Now you are getting ahead of yourself just a little bit here. [Laughter.]

Mr. MILLER. And I would like to acknowledge the three distinguished individuals with whom I share this table, whom I have gotten to know in the last several months and admire. They will make splendid additions to the Board.

As budget director for President Reagan, I think I knew the Hill pretty well, and I think most, Members of Congress knew me or knew of me. But that was over a quarter of a century ago. So let me tell you a little bit about myself.

Since graduate school, I have pursued really four different careers, sometimes at the same time.

The first was academic. I was trained as a college professor. I taught at two major universities, taught full-time, then part-time at several other universities.

I have been associated with major think tanks—as you noted, the Hoover Institution but also Brookings and the American Enterprise Institute. I was on the Boards of the Air Force Academy and also the Board of George Mason University. Along the way, I have written 9 books and over 100 articles in professional journals.

The second career was in the Federal Government. At the Department Transportation (DOT), I contributed to airline regulatory reform. At the Council of Economic Advisors, I wrote the chapter on regulation in the 1974 Economic Report of the President. At the Council on Wage and Price Stability, I made transparent the cost and benefits of regulation, back to your quote, Mr. Chairman. At the beginning of the Reagan Administration, I co-authored Executive Order 12291, which established the regulatory review program. I went over to the Federal Trade Commission (FTC) and chaired the Federal Trade Commission for 4 years, and we put that agency back on the traditional path of law enforcement. I came back to be the Director of OMB, a member of the President's Cabinet, and helped negotiate Gramm-Rudman-Hollings which brought the deficit down significantly and did other things there as well. As you have mentioned, I did serve a term at the Board of Governors of the U.S. Postal Service, where during the 3-years of my chairmanship my colleagues and I produced the Forever stamp, which I think has been a great success.

I had a career in elected politics that was not particularly successful. I ran for the U.S. Senate in Virginia in 1994 and 1996, and I helped my wife's campaign for the House of Representatives for the 8th District of Virginia in 1998 and the year 2000.

I have had a career in business. I have been on several boards of directors of companies. I have had a consulting practice of my own. I headed a consulting group for a major law firm. I am on the boards of three major mutual funds. I am on the board of Clean Energy Fuels, the largest provider of natural gas for vehicles in America. I am on the Chairman of the Audit Committee and the Designated Financial Expert for those firms. I am, as you mentioned here, with Husch Blackwell, and I am also Chairman of the Executive Committee of the International Tax Investment Center.

Today, I ask you to confirm me for this important post.

My wife of more than 50 years, Demaris Miller, asked me, why are you doing this? You have been there, done that.

The answer is it is unfinished business.

When I was at the Board of Governors, I worked very hard, trying to obtain the kinds of reform that you have outlined that are needed but without success. And I would like to go back and working with you, working with other Members of Congress, working with management, working with the stakeholders of this great institute, make those kinds of changes happen and restore the financial integrity and the viability of this important organization.

Thank you, Mr. Chairman.

Chairman CARPER. Well, Dr. Miller, I sat here listening to you talk about what you have been involved in, in your life, saying, what a life. What a life and still going strong. That is very impressive.

Mr. MILLER. Thank you, sir.

Chairman CARPER. Thanks again for your willingness to take this on and help us fix this problem.

Stephen Crawford, you were in the Army, right?

Mr. CRAWFORD. I was.

Chairman CARPER. Tell us about your service just here very briefly, please.

TESTIMONY OF STEPHEN CRAWFORD¹ TO BE A GOVERNOR, U.S. POSTAL SERVICE

Mr. CRAWFORD. I served for three and a quarter years, the last of which I served in Vietnam as an infantry officer, as an advisor to an Army of the Republic of Vietnam (ARVN) infantry battalion in the Mekong Delta, lost a good friend in the Tet Offensive, but—so I think we all have mixed feelings about difficult years there, but certainly a learning experience.

Chairman CARPER. I have been back a number of times since then.

I led a Congressional delegation back there in 1991 to try to find the truth, what happened to a couple thousand of our men, mostly men, some women, and Senator McCain and Senator Kerry were involved in that effort in the Senate. And I feel very good about that and have been back a couple times since.

¹ The prepared statement of Mr. Crawford appears in the Appendix on page 46.

Every time I would talk to people who served over there, I always ask them, have you been back since the war? Most people have not, but I always encourage people to go.

Mr. CRAWFORD. I applaud that.

My wife and I adopted a child from Vietnam who is now 14.

Chairman CARPER. Did you really? Wow.

Mr. CRAWFORD. And she is off at summer camp, or she would be here today cheering for us, and I could introduce her to you.

But, yes, we went back to get her, and then we went back to visit with her family when she was about nine.

Chairman CARPER. That is great.

Mr. CRAWFORD. So it has been a good experience.

Chairman CARPER. Well, thank you for that service.

And if there is anyone in the audience that you would like to introduce, feel free and then proceed.

Mr. CRAWFORD. Yes, sir.

Chairman CARPER. Thanks so much.

Mr. CRAWFORD. Good afternoon, Chairman Carper, and thank you for the opportunity to testify today and to second what Jim, a hard act to follow, but what Jim——

Chairman CARPER. I would not want to have to follow that statement. I would just say, skip over me.

Mr. CRAWFORD. Yes, right.

Thank you for your leadership on postal reform legislation. It is been a long, hard struggle, I am excited about S. 1486 and commend the Committee for advancing it this far.

I am truly honored to be nominated by President Obama to serve on the Board of Governors of the United States Postal Service, and I am pleased to share with the Committee how, if confirmed, I would approach the responsibilities involved.

As you know, the Postal Service faces enormous challenges. It is in these dire straits, I believe, for three main reasons: one, the growth of electronic communications and the resulting diversion of First-Class Mail; two, the recent recession and its lingering impact; and three, and perhaps most importantly, the unique regulatory environment in which it operates. While there seems to be broad agreement on these causes of the Postal Service's problems and deficits, there is considerable disagreement about how to fix them. Some emphasize cutting costs by consolidating facilities, reducing delivery frequency and/or changing service standards. Some emphasize increasing revenues by adding new products and services. Some call for adjusting the price cap, and many call for changing the current requirements for prefunding the health benefits of future retirees.

I believe that the challenges are so severe that the Postal Service should explore all the above, and I applaud the Committee for crafting and passing a bill that does so.

I believe that my prior experience has prepared me to serve well on the Board and to make distinctive and significant contributions to its work. To be sure, I have never managed an organization of more than 50,000 employees. However, I have advised and worked closely with the top leaders of such organizations, especially State Governors but also corporate Chief Executive Officers (CEOs) and university presidents.

I have also served on various boards and commissions, and at present I am a member of the Board of Directors of the American National Standards Institute whose nearly 1,000 members include trade associations, professional societies, unions, consumer organizations, universities, government agencies and such companies as Apple, IBM, Caterpillar, ExxonMobil, Netflix, Verizon, et cetera, firms and organizations that represent more than 3.5 million professionals.

Finally, as a member of the Obama-Biden Transition Team and later as a consultant to the Postal Service, I had exceptional opportunities to get acquainted with the problems and potential solutions facing the Postal Service, the mailing industry and such related agencies as the Postal Regulatory Commission (PRC) and the inspector general's (IG) office.

In closing, I would like to thank the Committee for its efforts over many years to provide the policy framework needed to enable the Postal Service to accomplish its vital mission. It is clearly a difficult task in today's rapidly changing environment, but I am optimistic that good solutions are within reach. I look forward, if confirmed, to working with you and all the Postal Service's stakeholders on crafting and implementing such solutions. I appreciate the opportunity to testify today and welcome your questions.

Chairman CARPER. Thank you very much. That is a very strong resume as well and different from certainly that of Dr. Miller.

But you all have different backgrounds. I think all of you do bring different strengths to the Board.

So, thank you for all of that.

Chairman CARPER. David Michael Bennett, it is great to see you.

Mr. BENNETT. Michael is what I tend to go by.

Chairman CARPER. Good to see you.

We have a guy named Michael Bennett here. He serves in the U.S. Senate. He is from Colorado. I do not think he spells his name with two Ts. His family could only afford one. [Laughter.]

Mr. BENNETT. Well, I drop the T in my e-mail address. So I guess that—

Chairman CARPER. Oh, that is good to know.

Mr. BENNETT. Yes.

Chairman CARPER. All right, nice to see you. Thanks, sir, for being here and for your willingness to serve. Please proceed.

TESTIMONY OF D. MICHAEL BENNETT¹ TO BE A GOVERNOR, U.S. POSTAL SERVICE

Mr. BENNETT. Thank you.

I think my son, Michael Bennett, is here. Another Mike.

Chairman CARPER. Where?

Mr. BENNETT. I do not know.

Chairman CARPER. He is back there, all right. He looks like he might be pretty tall. Is he?

Mr. BENNETT. He is pretty fast. He is a track guy.

Chairman CARPER. What are his events? What does he do?

Mr. BENNETT. He is a 400 hurdler.

Chairman CARPER. Wow.

¹ The prepared statement of Mr. Bennett appears in the Appendix on page 48.

Mr. BENNETT. Tough race.
 Chairman CARPER. At what level? Is he college?
 Mr. BENNETT. He is out of college. He is a personal trainer now.
 Chairman CARPER. OK.
 Mr. BENNETT. And coaching track. Just got back from his certification in coaching.
 Chairman CARPER. All right.
 Mr. BENNETT. And my mom, Johnnie Evans, is here.
 Chairman CARPER. Where?
 Mr. BENNETT. Right here.
 Chairman CARPER. Well, hi. How are you? Nice to see you, ma'am. A pleasure.
 Mr. BENNETT. And my partner, Pam Jackson, is here.
 Chairman CARPER. Is it Pam?
 Mr. BENNETT. Yes.
 Chairman CARPER. All right, Pam, welcome. Which one is your mom?
 Mr. BENNETT. In the white. [Laughter.]
 All right, good joke today.
 Chairman CARPER. I have pretty good vision, too.
 Mr. BENNETT. I will hear about them when I get home.
 Chairman CARPER. All right. Well, you are both welcome. Thank you all for coming.
 And, for your son, thank you for being here to have your dad's back. That is great.
 Mr. BENNETT. Well, I will say good afternoon, Chairman Carper.
 And also, too, one of your staff the other day said at the end of their session with me, well, we have four very different nominees. And that is true.
 And all four of us have had a chance to get to know one another.
 I am the corporate guy. I am the guy who spent 95 percent of his career in corporate America. Even in the years I was practicing law, I was inside of a corporation.
 Let me say good afternoon to you, Chairman Carper, and a good afternoon also to Dr. Coburn when he arrives.
 So I have a prepared statement I would like to go through, if I may.
 Chairman CARPER. For each of you, your entire statement will be made part of the record and feel free to summarize as you wish.
 Mr. BENNETT. Thank you.
 It is my pleasure to be here before you this afternoon. I want to thank President Obama for his decision to nominate me to become a member of the United States Postal Service Board of Governors.
 I believe that the Board of Governors has a critical role in our Postal Service and, ultimately, to the American people. So with integrity, pride and diligence will I serve on the Board. I am committed to exercising every aspect of my legal, business and technology experience to help the United States Postal Service continue to evolve with America.
 As a longtime resident of our Nation's Capital, a native North Carolinian, proud graduate of Duke University.
 Chairman CARPER. Did you say native North Carolinian?
 Mr. BENNETT. Native North Carolinian.
 Chairman CARPER. Oh, really? Where were you born?

Mr. BENNETT. Charlotte.

Chairman CARPER. Really.

Mr. BENNETT. Yes.

Chairman CARPER. Ever hear of Boone?

Mr. BENNETT. Yes, absolutely.

Chairman CARPER. My wife is from there.

Mr. BENNETT. Oh, OK.

Chairman CARPER. She used to live in Charlotte.

Mr. BENNETT. Great connection.

Chairman CARPER. Got her to move to Delaware.

Mr. BENNETT. OK.

Chairman CARPER. Yes.

Mr. BENNETT. Anyway, I am a native North Carolinian, proud graduate of Duke University and the George Washington University Law School, at which my colleague is a professor.

And, most importantly, I am someone who uses mail services on a very regular basis. I still pay all my bills by mail and send cards out and the whole bit and send letters.

I believe in the mission of the Postal Service.

My current experience as Chief Information Officer of a 100,000 multinational company specifically gives me the skills necessary to drive change in our ever changing world. I am honored to have an opportunity to serve my fellow citizens through one of the most important institutions in America.

Some of the changes in our culture have caused many to question the intrinsic value of the Postal Service.

I believe that our Postal Service is an essential part of the fabric of our Nation. It is a vital part of our economy as well as a material force in our personal lives.

It is sometimes the soul option for businesses in remote areas to receive products that are essential to maintain manufacturing machinery or a steady flow of product for resale.

The Postal Service has personal impact for many who are unable to travel to a pharmacy, for instance, for various reasons, and essential medications are delivered to their doorsteps by a United States Postal Service carrier.

It is the only institution in this country that can touch every single American every day. That is an incredible national asset.

And that turns me on for some reason. I just find it incredible that you have an institution that can touch 300 million people every single day.

There is probably no other country on the planet that has an institution with the capabilities of our United States Postal Service. Unfortunately, some take this 200-plus-year-old national treasure for granted. I recognize this treasure and want to be a part of creating even more value in it for the American people.

I am honored, yes, but I am also excited about what is possible for the Postal Service. I am eager to explore all of the various ways the institution can serve the American people through its vast network of facilities, distribution networks and, most importantly, the employees. As I think about how many companies have transformed themselves over the past decade, to drive efficiency in and increase corporate value, solving challenging business problems, I get excited considering the possibilities for transformation in the

United States Postal Service. Transformation is driven by innovation. I look forward to working with the Board, with other Board members, and challenging management on various innovative ideas to drive value throughout the enterprise.

Throughout my career, I have led transformational business programs which have led to cost savings, streamlined business processes and, ultimately, greater value to customers, employees and shareholders alike. I look forward to sharing my experience gained as a result of leading large, technology-centered innovation initiatives to create greater value for America.

And, finally, we should continue to look for ways to leverage the knowledge and skills of our incredible workforce. Our people are our largest and most valuable asset. When I was growing up, my stepfather was a Postal Service mail carrier in Charlotte, North Carolina. There was not anything he did not know about locations and getting around Charlotte. We can leverage these human capabilities to continue transforming the Postal Service to be the business, current and future, America needs and wants. I want to get started.

Thank you for this opportunity. I look forward to your questions.

Chairman CARPER. I like that; I want to get started. It is good.

We have a fellow who is the U.S. Secretary of the Department of Transportation, who is a former Mayor of Charlotte.

Mr. BENNETT. Yes.

Chairman CARPER. Anthony J. Foxx. I do not know if you know him. Foxx with two Xs.

Mr. BENNETT. I do.

Chairman CARPER. And I think he is very funny.

Mr. BENNETT. In fact, he used to go to the doctor that my mother was the receptionist for.

Chairman CARPER. Wow.

Mr. BENNETT. When he was a little kid.

Chairman CARPER. No kidding.

Mr. BENNETT. So he knows my mother well.

Chairman CARPER. Wow. So your mom was the Director of First Impressions at that office.

Mr. BENNETT. Absolutely.

Chairman CARPER. OK. That is great.

Mr. BENNETT. Absolutely.

Chairman CARPER. OK. Thanks for your testimony again.

Mr. BENNETT. Thank you.

Chairman CARPER. Ms. Kennedy, it is great to see you and thank you for your willingness to serve and please proceed. Your entire statement will be made part of the record.

TESTIMONY OF VICTORIA REGGIE KENNEDY¹ TO BE A GOVERNOR, U.S. POSTAL SERVICE

Ms. KENNEDY. Thank you, Mr. Chairman.

I am pleased to join James Miller, Stephen Crawford, and Michael Bennett to appear before you this afternoon as President Obama's nominees to the Board of Governors of the United States

¹ The prepared statement of Ms. Kennedy appears in the Appendix on page 49.

Postal Service, and I am honored and humbled by the confidence and trust that President Obama has placed in me.

I look forward to answering your questions and hearing firsthand your thoughts and concerns about the Postal Service, and if confirmed, I look forward to working with the Committee and with other Members of Congress to strengthen the Postal Service in a long-term and comprehensive way.

I would also like to thank my family for their support, and some of them are here today: my mother, Doris Reggie; my son—

Chairman CARPER. Your mom is here?

Ms. KENNEDY. My mom is here, Doris Reggie. My son, Curran Raclin. My son, Congressman Patrick Kennedy, and his wife, Amy. And their two little ones were also here, but they have stepped out for a few minutes; they are very tiny.

Chairman CARPER. Do they realize they are missing your testimony? [Laughter.]

Ms. KENNEDY. Yes. I think that food has won out.

And my daughter, Caroline Raclin, is working in the Philippines, and Ted Kennedy, Jr. has a campaign in Connecticut, but they are here in spirit.

Chairman CARPER. I would call those excused absences.

Ms. KENNEDY. I think so.

And I really want to thank in a very personal way, my Senator, Ed Markey, for such a gracious and warm introduction, and my friend, Senator Chris Dodd, for being here. It really means the world to me that they are here.

And I have other dear friends who are in the audience.

Chairman CARPER. Well, let the record show I could barely see Chris Dodd's lips moving when Senator Markey was speaking. [Laughter.]

Ms. KENNEDY. The Postal Service is a vital public asset. As my friend, Michael Bennett, said, it has near daily contact with every American household and business. There are more than 31,000 post offices, stations and branches across this country, many of which serve as a focal point of local identity and a center of community interaction. With 500,000 hardworking and dedicated employees earning a solid middle-class income, the Postal Service is an essential part of the fabric of American life. Because of the governing principle of universal service, no matter where you live in the United States, you are entitled to the same postal service as every other American. And without a doubt, as our Founding Fathers understood when they included the Postal Clause in Article I of the Constitution, universal service unifies us as a Nation.

As we meet today, however, and as we have been discussing, the Postal Service is facing a serious financial crisis. If confirmed, I would work with my fellow board members to look at comprehensive ways to address this crisis. I would, likewise, work with them to listen to the concerns and ideas of key constituency groups to craft long-term solutions to long-term problems, to position the Postal Service to be nimble and ready to take advantage of opportunities for growth in its core business, letter and package delivery, and not to undermine its essential strengths. I think it also important to look at the possibility of expanding into related business

lines while always maintaining timely universal service and protecting and nurturing the core business of the Postal Service.

The mailing industry in this country generates \$800 billion in economic activity, and the Postal Service is a key part of the distribution network for that activity. Its competitors even rely on its exceptional distribution infrastructure for the key last mile delivery, to connect the smallest towns and rural areas to e-commerce. A recent inspector general report has concluded that preserving that infrastructure could allow the Postal Service to reap as much as a half-billion dollars of additional revenue in the near future because of private sector manufacturing innovations, such as 3-D printing, that will need the sophisticated, full service delivery infrastructure that the Postal Service has in place.

I believe that the Postal Service can and should be at the leading edge of innovation in envisioning the new ways that Americans communicate with each other and with the rest of the world. I also believe it should have the regulatory flexibility to take advantage of opportunity and innovation when it is in the public interest.

If confirmed, I believe that my skills and experience can make a positive contribution.

I would keep always paramount, if confirmed, a focus on the public interest. The Board of Governors should set policy to ensure the long-term financial well-being of the Postal Service, and it should assure that senior management follows and executes that policy. I believe in a full airing of the issues and a robust dialogue with all interested parties as we seek, in the public interest, the best way to return the Postal Service to a safe and secure financial footing.

I look forward to discussing these and other issues with this Committee today and, if confirmed, with the Committee and Congress in the future.

In closing, I again want to thank you for considering my nomination, and I look forward to answering your questions.

Thank you.

Chairman CARPER. You used exactly 5 minutes. [Laughter.]

That does not happen every day.

Ms. KENNEDY. Thank you.

Chairman CARPER. That was good. Thank you.

Thank you all.

Now I will start my questioning with three standard questions that we ask of all nominees, and I am going to ask if you would just please answer after each question.

Is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

We will start with Dr. Miller.

Mr. MILLER. Nothing, other than what I indicated in response to the questions to this Committee.

Chairman CARPER. All right. Thank you.

Mr. Crawford.

Mr. CRAWFORD. No, nothing.

Chairman CARPER. All right. Mr. Bennett.

Mr. BENNETT. No, Mr. Chairman.

Chairman CARPER. Ms. Kennedy.

Ms. KENNEDY. No, Mr. Chairman, I am not aware of anything.

Chairman CARPER. All right. No. 2, do you know of anything personal or otherwise that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Dr. Miller.

Mr. MILLER. No, sir.

Chairman CARPER. OK.

Mr. CRAWFORD. No, sir, Mr. Chairman.

Chairman CARPER. All right.

Mr. BENNETT. No, Mr. Chairman.

Chairman CARPER. Ms. Kennedy.

Ms. KENNEDY. No, Mr. Chairman.

Chairman CARPER. All right. And the last one, do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee if you are confirmed?

Dr. Miller.

Mr. MILLER. Absolutely.

Chairman CARPER. All right.

Mr. CRAWFORD. I do.

Mr. BENNETT. Yes, I will.

Ms. KENNEDY. Yes, I will.

Chairman CARPER. All right. Great. Thank you.

Thanks for your interesting testimony, well prepared, well presented.

I just want to start off by saying it is interesting what Mr. Bennett said about he still sends and pays his bills by mail. He still sends out cards and letters.

So do I.

And you are probably better at technology than I am, but I am not bad.

And I have two sons, 24 and 25, who coach me. So I could get even better over time.

But I was reminded of the service in the U.S. Postal Service that serves on Saturday. I was home for a bit, and the letter carrier delivered our mail just a little bit before 5 p.m. Sometimes it is later if he has a whole lot to deliver and sometimes not quite that late. But it was about 95 degrees outside, and he was delivering mail, cheerful, going about his work.

And he is there when it is 95 degrees. He is there when it is 5 degrees.

He is there when the sun is shining, as it was on Saturday, and he is there when it is raining, sleeting, or snowing.

And we are grateful for his service and those of the hundreds of thousands of postal employees across the country who have served us for years, who serve us today, and if we have anything to do with it, will serve us many years to come.

We had sitting right here—I think, Ms. Kennedy, where you are sitting—a couple years ago was a fellow from—was it Wisconsin?

Yes, a fellow, a very successful business person whose name was Joe Quadracci, and he runs a company called Quad Graphics.

And as he sat before us that day, he talked about his business, which was—is it a paper business? Or, printing business?

Paper and printing business, if you will.

And he talked about how they had figured out in a day and age when a lot of businesses in that industry had closed, had fallen and eventually been ended, how he talked about his business sort of did just the opposite. Instead of failing, faltering, going out of business, they have gotten stronger over time.

And what has happened is they have taken the legacy business, the paper or printing business, and figured out how to be successful in the Digital Age; that is what they have done.

And what I have been hoping for with respect to the Postal Service is the ability to do something like that. Find that intersect between maybe one of the longest living organizations in our country, and that is our Postal Service, and how to make an operation like that not just relevant in the Digital Age but successful in the Digital Age.

And it is not that we are going to make them successful, but what do we need to do to enable them to be successful?

And I think we can do that.

We have had testimony here before when folks have come in, from different stakeholders, a lot of smart people like you, and they said to us in terms of the things we need to do that one of the things we need to do is to focus on the main thing.

There was an old Methodist minister down in southern Delaware, in a little town called Seaford, who passed away a couple of years ago, but a guy who when I was Governor, before that, Congressman now and then later in the Senate. He had always given me great advice when I was down in Sussex County.

He even once let me be a lay speaker in his church. It was a very special treat.

But he used to say this; the main thing is to keep the main thing the main thing. That is what he said.

The main thing is to keep the main thing the main thing.

And for some of the folks that have testified before us, they have said in terms of—I do not know if it was a main thing but a big thing for us to consider is health care costs of retirees.

When we worked on legislation in 2006–2007, Senator Collins and I and others, one of the requirements, if you will, from the Administration of President George W. Bush was to not only recognize there is a large liability that is owed by the Postal Service, and the liability is for retiree health care costs.

Some people think that is not really a liability and it is not something we need to be mindful of.

When I was elected State treasurer at the age of 29, just a pup, the State of Delaware had the worst credit rating in the country. We are the best in the country at overestimating revenues and underestimating spending.

Think about that.

We are the best in the country at overestimating revenues and underestimating spending. That is how we got the worst credit rating in the country. We had no cash management system. We had no pension fund. And we had all our money in State-owned banks about to go under, and we had the lowest startup of new businesses of any State in the country.

In fact, we used to sell revenue anticipation notes in order to have money, taxes and revenue anticipation notes in order to be

able to meet payroll and to pay pension checks. We were not a model of financial respectability.

And nobody else wanted to run for State treasurer in our party. I got to run, and we won.

Pete du Pont was elected Governor and did a great job. He was a great Governor for 8 years, and Mike Castle after him, and I succeeded Mike Castle.

We started off with the worst credit rating in the country in 1977, and we ended up in my second term as Governor with AAAs across the board. AAAs. We are very proud of that.

And I will never forget, though, when we met with the rating agencies, they told us what they had done and why. They also said you have a bit liability out there that you have not recognized and you have not addressed at all.

And we said, what is that?

And they said, you have a lot of pensioners.

And I said, well, we have a strong pension fund. It is admired for how fully invested and how well invested it is.

And they said, no, that is not it.

They said, your problem is all those pensioners are out there. They have enormous health care costs attached to each of them. And you have not recognized that, and you have not started setting money aside for that.

They still gave us an AAA credit rating, but they flagged that for us.

In my last year as Governor, we began to address that, not in a huge way. We acknowledge it was a liability, and we started to address that.

The problem from 2006–2007 legislation is we agreed with George W. Bush. In order to get the President to sign the bill, we had to agree to, I think, a very aggressive schedule to pay down that liability for retiree health care costs.

And what we found out in the years since then is that the Postal Service pays more into Medicare than any employer in the country.

My wife is retired from DuPont. Hard to believe to look at her, but she just turned 65.

And when she turned 65, the DuPont Company said to her, Martha, we love you, but from now on you have to sign up for Medicare Part A, Part B, maybe Part D, and we will provide a wraparound coverage for you.

But they expect that for all their employees, or retirees, rather.

And there are thousands of companies in this country who say that is what we expect. They will do the wraparound, but they expect the retiree to sign up for A, B and maybe Part D under Medicare.

The Postal Service competes with FedEx and with UPS. I presume they have a similar kind of arrangement with their retirees when they reach 65.

The Postal Service pays more money into Medicare than anybody else. They do not get equal value, and it is not fair.

And it is one of the chief provisions in our bill. We call it Medicare integration. And it enables the Postal Service to pay down this obligation in a more timely way.

We will start off with Dr. Miller. I do not know if any of this sounds probably familiar to you. It may or may not sound familiar to our other nominees.

In terms of the main thing, if we do not do this, if we somehow do not do this, I think we are going to be very disappointed in our inability to get anything done, Dr. Miller.

Mr. MILLER. Mr. Chairman, actually, I thought maybe Senator Markey might say a few words on my behalf. [Laughter.]

I need that kind of help.

Mr. Chairman, I am not surprised at your insightful analysis because I know you have a degree in economics from the Ohio State.

Chairman CARPER. I tell people I studied economics at Ohio State. My professors would say not nearly enough.

Mr. MILLER. But you are spot-on in my judgment.

Chairman CARPER. Thank you. Mr. Crawford.

Mr. CRAWFORD. Yes, I wholeheartedly endorse the plan in S. 1486 to require postal retirees, once they reach 65 and are eligible for Medicare, to make Medicare their primary coverage. As you say, it is almost universal in the corporate world.

My understanding is that 10 percent of postal retirees who are eligible do not take Part A and 24 percent do not take Part B. And I have not done the numbers to figure out sort of what the cost implications are, but those are—especially that second number; that is huge.

Chairman CARPER. All right. Thank you. Mr. Bennett.

Mr. BENNETT. Senator, I agree. I think that, one, you are right; the main thing needs to stay the main thing.

In my company and in the previous company I was with, Northrop Grumman, that is exactly the route that we have gone. I mean, there is no way that you can continue on this path. The Postal Service cannot continue on this path. Large companies have decided to do that a long time ago. So I agree completely.

Chairman CARPER. All right. Thank you.

Ms. Kennedy, please, will you react to this?

Ms. KENNEDY. Yes, certainly. Obviously, the issue of health care and health care costs is something that is of great concern. It is my understanding that there is widespread support, both with the collective bargaining units and with management at the Postal Service, for the plan that you describe. And it is something that I look forward to learning a lot more about. It seems to make a lot of sense, but I would like to understand it in more depth as we go forward.

Chairman CARPER. Fair enough.

Let's talk a little bit about this intersection between the—I will use an analog as an example of what we do at the Postal Service today. We deliver packages, parcels, pieces of mail. And we do it door-to-door. We do it 5 or 6 days a week and do it all over the country. And we use old vehicles to do it.

Meanwhile, you have a lot of folks that are ordering stuff today as we speak, that they want to have delivered tomorrow, and they will look for somebody to deliver it. There are some good business opportunities there, including on Sundays, and the Postal Service is starting to take advantage of this.

I do not know if it was Ms. Kennedy. Somebody mentioned innovation.

In our legislation, ironically, one of the provisions in the legislation that we have is it was legislation really lifted from Senator Bernie Sanders. Most people would not think of Bernie as like the chief innovation officer or the guy to be the most entrepreneurial guy in the Senate.

I see Ed Markey smiling.

But he is right on, spot-on, when it comes to the Postal Service.

How do we help enable the Postal Service to use this legacy organization to find new ways to generate revenues and provide a service that is needed without stepping on the toes in an inappropriate way of the private sector?

There is a call for, in our legislation, the creation of what I will call a chief innovation officer.

We call for a summit with all kinds of people, including people from the digital world, to come in and say to the Postal Service, have you ever thought of doing this or that or the other?

And we are going to do something, a similar kind of approach, with the census. So the next time we do the census, we will not be doing it with pen and paper; we will be doing it in a lot smarter way, less expensively and, hopefully, a lot more effectively.

Talk to us about innovation. Start with talking to us about innovation and the things that you would like to see the post office do, that you think might be good ways for them to provide a service and make some money while they are doing it.

And, again, I will ask Dr. Miller if you would just lead off with this, please.

MR. MILLER. Mr. Chairman, the movement to the digital revolution has cost the Postal Service inasmuch as First-Class Mail has diminished, but on the other hand, it has created opportunities as well. That is a major reason that you see the growth in the packaging. Because people ordering through eBay and other ways, that has generated a great deal of increase in mail volume.

I think that Mr. Bennett's becoming a member of the Board would be a very positive thing to stimulate a lot of thinking at the Postal Service because he has those kinds of responsibilities at BAE.

And there are other opportunities. I think Steve has talked about it, and Vicki had talked about it as well.

So I think there are many opportunities there that need to be explored, that are being explored, frankly, at the Postal Service under Postmaster General Pat Donahoe's leadership, but I think there are many opportunities as you have identified.

Chairman CARPER. Thank you. Mr. Crawford.

MR. CRAWFORD. Mr. Chairman, I enjoy reading the white papers that the inspector general's office produces, and some of them are simply stimulating. I am not sure that they are politically or otherwise always going to survive and be implemented, but I would like to see the Postal Service have the flexibility to run pilots and experiments and try out.

Let's take non-bank financial services. We see a lot of foreign postal services make some money on that. Whether it makes sense for the U.S. Postal Service to get into that is a huge question.

The issue, though, it seems to me is to have the opportunity to experiment, whether it is that, whether it is the implications for 3-D printing. There is just so much in the world of technology that is unfolding now.

And this cannot be all or nothing; we are now going to implement this.

Now the Postal Service, to be fair, already does do some studies and trials. If I were on the Board, that is an area that I would give special attention to.

Chairman CARPER. Well, let me let you all finish, and then I will throw out a couple of ideas and let you react to those. Thank you. Mr. Bennett.

Mr. BENNETT. This is really, Chairman, my sweet spot. I have led a number of innovation initiatives in my company, particularly from a technology perspective.

I really get excited thinking about the different things that you can do with this incredible infrastructure that we have, with all these people, with all this logistics, that we deal with as a postal service every single day, that nobody else knows how to do.

Imagine if you start partnering with a company like Sysco and take the kinds of things that they do from a networking perspective and connect those to our postal infrastructure.

We have talked about 3-D printing. Imagine being able to have the companies who produce through these 3-D printers.

At no cost to the Postal Service, put those printers in various locations in the Postal Service and have opportunities where they are able to fax, if you will, the model of a shoe and they want that to get to a particular customer in an hour. And the Postal Service says, great; we will get there within an hour, within a 10-mile radius.

There are so many different things, so many opportunities.

The moment I was nominated, I had the Chief Operating Officer (COO) of Sysco, senior executives at Microsoft, various people from different technology companies talk to me about things they would like to consider and to talk to the U.S. Postal Service about but have not had an opportunity to get in.

I mean, this is just right in the area that I would really love to have an opportunity to help the Postal Service evolve and do a number of different innovative things over the course of the next decade.

Chairman CARPER. Did you say fax someone a pair of shoes?

Mr. BENNETT. Yes, absolutely. The technology exists. It is there.

Chairman CARPER. Let me just say before you speak, Vicki, I do not know if the Board of Governors, if they have a committee or subcommittee on innovation. But, if you get confirmed, Mr. Bennett, I sure hope they put you on that committee; that would be good.

Thanks. Ms. Kennedy.

Ms. KENNEDY. I understand that there are shoe manufacturers, athletic shoe manufacturers, that are going to be taking orders for athletic shoes with your specifications and doing 3-D printing of those shoes in your exact size and with your specs, and they are going to want to distribute them.

And the distribution network that exists right now for the United States Postal Service is an incredible asset, and that is something that I believe we have to maintain, to be able to take advantage of that kind of innovation, to be able to reach people.

When you talk about doing what we do, that is what the Postal Service does. It knows how to deliver. It has an infrastructure.

And that is why one of the wonderful things in the last few months of waiting for this hearing is that we have all gotten to know each other, all of the nominees here.

Chairman CARPER. If you do not mind my asking, how have you all gotten to know each other?

Ms. KENNEDY. We have had lunch. It is a great thing. Talking. Regular lunch and talking and e-mailing, and so we have gotten to know each other.

Chairman CARPER. Facebook?

Ms. KENNEDY. No, not Facebook. [Laughter.]

But it has been a very good thing. Collegiality and sharing ideas, it has been a very positive thing.

So, if we are confirmed, I think we will hit the ground running, talking about what is out there in the future and being able to take advantage of that kind of innovation.

One of the things that Steve Crawford just said in his opening statement, though, is will the regulatory structure restrict your being able to take advantage of innovation in other ways?

There might be some 18-year-old in a garage right now, who is coming up with some great new innovation. Will the Postal Service be able to take advantage of that, or will it not?

I believe we need to be nimble and able to take advantage of innovations that we do not know about as we are sitting at this table right now and be regulatorily nimble enough to be able to take advantage of those things for the future while building on the core strength of the Postal Service.

Chairman CARPER. OK. Thanks. Thank you very much. That is very encouraging testimony.

I want to turn now, if I could here, for a little bit to the pricing for postage. As you know, the Postal Service's current inflation-based postal rate structure was set in place about 7 years and right before the beginning of the drastic drop in mail volume that continues to this day.

You saw that, Dr. Miller, firsthand.

Late last year, the Postal Regulatory Commission allowed the Postal Service to temporarily increase its pricing for postage above that normally allowed to make up for the losses in mail volume attributable to the Great Recession—an increase that our Committee's bill would make permanent. It is roughly about 4 percent. We call it an exigent rate increase.

The PRC said, let's make that; put that in place for an interim period of time.

And Dr. Coburn and I, in our proposal to our Committee, said, let's make it the new base and then we will worry about other increases as we go, or not increases, as we go forward.

In light of the Postal Service's current financial difficulties, let me just ask. Again, I do not want to pick on you, Dr. Miller, but

let me just start with you—your thoughts on the postal rate structure as we have it currently and how it would be under our bill.

Mr. MILLER. As I said in my response to a question from the Committee, I think that the inflation-adjusted cap needs to be liberalized a great deal, if not eliminated entirely, because it just means that the Postal Service will start searching for ways to change or alter the rate structure to try to raise additional revenue, and that further perverts the structure of prices.

There is an analogy here with how the railroads performed under the old Interstate Commerce Act in squeezing additional revenue here and there.

Give the Postal Service the discretion to make rate changes. There is a natural limit to how much a postal service would want to increase certain rates because of the falloff in volume. So it is not as though it is going to change the stamp price from 49 cents to—or, 55 cents to \$1.80 or something like that.

It really is an impediment.

And there are other ways in which the Postal Regulatory Commission, despite having some very good people who work there, who are just as publically spirited as we are, where it inevitably slows down the process of introducing innovations and changes that would—experiments of the sort that Steve was talking about.

So we need to have that kind of freedom to have the Postal Regulatory Commission intervene when they see a real danger of the Postal Service violating the law or about to violate the law. And you have addressed that in S. 1486, and I hope that provision prevails in any conference bill.

Chairman CARPER. Thank you, sir. Mr. Crawford.

Mr. CRAWFORD. Thank you, Mr. Chairman.

I agree with Dr. Miller's analysis. I think the mail volume, especially for the standard mail, is so sensitive to prices that the Postal Service is not about to try to jack up that price. The notion of a monopoly position is not as much. It is not as hard a monopoly as some monopolies are. And I applaud S. 1486 for the reforms in the price cap.

I am on record in previous writings for lifting the price cap and making adjustments. I think the Postal Service needs that flexibility.

I think the Postal Regulatory Commission has a role to play in reviewing the reasonableness of those, but to do it ahead of time is just—as Vicki Kennedy was saying, we need to be nimble enough, the Postal Service does, to be able to make adjustments.

Fuel costs can go up very quickly if there is a crisis abroad. We saw surcharges put on FedEx and UPS when there was a spike in gasoline prices. The Postal Service does not have that flexibility. I think they need it. I think it is fine to review it after the fact, and I think the new legislation has that exactly right.

Chairman CARPER. Thank you, sir. Mr. Bennett.

Mr. BENNETT. I will not repeat what my colleagues have said, but I do agree with the provision in S. 1486 relative to rates.

One of the things that came up in the session with your staff on last Thursday was that there was a comment that in the private sector that you do not have any caps on pricing. Well, that is really

not true, I mean, because if you price yourself out of the market and you do not sell anything, then you are out of business.

And I think the Postal Service needs the same level of flexibility that you have in the private sector—the kind of flexibility that will allow us to be market-driven. In fact, when that happens, I think oftentimes prices end up going down because you end up driving volume up and you end up driving prices down and you increase value in that institution and, in this case, increasing value for the American public.

So I agree with that particular section completely and agree with my colleagues relative to having more flexibility.

Chairman CARPER. At the urging of Dr. Coburn, whose airplane, I think, is—what do you think, Chris? On the ground?

[Pause.]

Yes, it is on the ground.

Dr. Coburn has had an incredible career. He was a very successful business person. He did that for a number of years.

And then he decided, well, I would like to be a doctor, and so he became an OB-GYN and was very successful there and delivered thousands of babies, probably tens of thousands of babies. And then he did that for a number of years.

Then he said, I think I would like to be a Congressman, and so he became a Congressman from Oklahoma and did that for a while. Then he said, no, maybe I would like to be a Senator. So he has done that now for 10 years.

And he has signaled he is going to step down 2 years early, before the end of his term this year, and God only knows what he will do next.

Maybe he is going to land the plane. So we will find out when he gets here, but he should be here before too much longer.

Ms. Kennedy, staying on the line of thought we have—

Ms. KENNEDY. Mr. Chairman—

Chairman CARPER. Let me just say before you answer; one of the things that Dr. Coburn really insisted on and pushed for when we introduced our initial bill this past August—and he basically said: The Postal Service is not foolish, not stupid. They are not deaf to the marketplace. Let's give them the flexibility to set rates, and if they charge too much, customers will stop using them. They will eventually find a sweet spot.

In the end, we did not do that. There was huge push-back to that original proposal, as you can imagine, from the mailing industry and the printers and so forth.

And we thought we had found a pretty good medium here with the exigent rate increase becoming the baseline and then having the consumer price index (CPI) cap going forward and then, in 2017, the opportunity to essentially revisit this. And if you all are on the Board of Governors then you will have an opportunity to participate in that. Ms. Kennedy.

Ms. KENNEDY. Mr. Chairman, thank you.

As a general rule, as I have said, I believe in flexibility and being able to be nimble.

On the specific issue of rates, I also believe in being cautious and not answering something that I am not as deeply familiar with as my colleagues here. So it is something that I would like to under-

stand in a deeper and fuller way. So it sounds great. I think what they have said makes a lot of sense to me, but I would like to understand it more.

Chairman CARPER. I understand. Just a little bit of background—what we have done with the exigent rate case, what it essentially does for folks at, we will say, your nonprofit.

Before the exigent rate case, I think the cost of mailing an envelope was about 10 cents. And with the exigent rate case, it goes up, I think, a penny to 11 cents. For folks that are mailing magazines, I think the price is about 27 cents, and with the exigent rate case becoming the baseline, it goes up to 28 cents.

And I think I might be wrong, but I think for catalogs the price is somewhere at 45, 46 cents, and it would go up by about 2 cents.

So those are not outrageous increases, especially in a strengthening economy, but I know there are people who disagree with this.

Ms. KENNEDY. I just want to say that I am familiar with what the provisions are. That was not the issue. It is just the whole underlying philosophy and theory behind them being set that I wanted to be—

Chairman CARPER. OK. Good enough.

Dr. Miller, do you want to say something else? No?

Mr. MILLER. No, Senator.

Chairman CARPER. All right. I think I mentioned in my opening statement today that the Board of Governors and the Postmaster General announced a week or so that if we do not do something, if we do not do our job here in the Senate and in the House to pass, hopefully, thoughtful, effective postal reform legislation this year and put it in place, signed by the President, then they will feel compelled to go ahead and take a next step in closing mail processing plants.

It was not that long ago we had 600, a few more than 600. We are down today. In 6 or 7 years, as I recall, we are down today to about 325.

And the Postal Service is saying unless we do our job that they may be compelled, no help from the Congress and the President, to close another 80 or so starting at the beginning of the next calendar year.

From our point of view, in our legislation, we have a stipulation that says 2 years after the enactment the Postal Service may move forward to reduce the number of mail processing centers. We actually had a similar provision in our legislation from 2 years ago that 62 Senators, mostly Democrats, voted for, some Republicans.

I would like each of you to give your thoughts to closing additional plants.

What Dr. Coburn and I have tried to do with our legislation is to lay the groundwork so the Postal Service can pay off its obligations, recognize its liabilities, pay them down and become profitable, have money for capital investment, have money for pay raises and have money in the bank when all is said and done, 10 years from now.

But I am not interested in seeing a lot of additional plants or any additional plants close. I just want to make sure that the Postal Service is profitable and viable.

And, Dr. Miller, if you would just lead us off on this, I would appreciate it, please.

Mr. MILLER. Mr. Chairman, first, let me say that I have not done an analysis of these 82 and these specifics. There are some that may apply here to the points I am making and some not.

My impression, based on my work on the Board of Governors ending 2 years ago, or 3 years ago, is that a number of mail processing facilities are there and have not—that are under ordinary market circumstances would have been relocated, would have been changed, but for the fact that there would be the impediments from Congress, displeasure from Members of Congress, restraints put in appropriations bills, not-in-my-backyard (NIMBY) provisions, and have not been changed.

That leads, interestingly, to a perverted outcome because when you think that there is going to be a change you want to make as many changes as you can on all in one fell swoop.

So it is just an inefficient system. Unless you give the Postal Service some freedom to streamline and rationalize its logistical network, you are going to get this back and forth and, I think, inefficient decisionmaking about these installations.

Chairman CARPER. OK. Thank you. Mr. Crawford.

Mr. CRAWFORD. Mr. Chairman, I largely agree with Jim's points.

I think that the devil is in the details here. And it is not for the Board to dig into them; it is for the Board to set criteria and policy. But I think, in general, the Postal Service has been right. It needed to consolidate some of its facilities. It has already done a great deal. Whether it needs to do more or not, I am not capable of sitting here and saying, yes or no. And each time they do, that is painful for somebody somewhere.

But, as Jim says, you are just pushing these problems to the future. Automation has made it easier to do a lot of this high-volume mail processing.

So, on balance, without trying to avoid a commitment, I would just say this; it would be premature for me, given my level of understanding of the issue, to say anything about the next round of closings and consolidations of processing centers or plants, but I do think that it was appropriate to make some moves along those directions over the last 2 years.

Chairman CARPER. All right. Thank you. Mr. Bennett, please.

Mr. BENNETT. Mr. Chairman, I am very familiar with the issue. I am not familiar with the details as to whether or not these specific plants should or should not be closed.

However, what I would say, though, is that I think in this environment where we do have this incredible infrastructure that is in place, whether or not that facility is operationally efficient or not—the facilities that you are talking about—I think you have to be very careful when you start taking away some of your assets, to make sure that those assets could not drive future revenue.

One of the things that I think that a lot of major corporations make a mistake, particularly very large ones, is when you start trying to cut costs, because you are so big, you start looking at your costs in silos and you do not think about how those costs impact revenue someplace else. And so you really have to be careful to

make sure that you consider the whole, prior to doing these individual silo cuts.

So I do not have an answer to your question other than if I were looking at this more carefully that is what I would do. I would consider, how does it impact the whole enterprise versus just the silos that we oftentimes look at in budget cuts?

Chairman CARPER. All right. Thank you. Ms. Kennedy.

Ms. KENNEDY. I echo the concerns that Michael Bennett just set forth. I do not think you can cut your way to prosperity. I think you have to look at what the long-term implications are of closing these facilities. I do not know what those particular facilities are. I also worry about the impact on the universal service obligation. I do not know what it means for rural communities. I believe that universal service does not mean universal service someday. It means timely universal service.

So what delays will happen by that many consolidations and closings—I think that matters because the Postal Service is a life-line for so many communities, and I think that is something that needs to be looked at.

And I think you also have to be poised to take advantage with this terrific infrastructure that is in existence for innovation, poised to take advantage of the next great opportunity, and I think all those issues need to be considered.

Chairman CARPER. I will probably ask you to answer this next question for the record, but I might ask you to comment very briefly, and it relates to the potential closure of additional mail processing centers.

The question that I would have us think about out loud for just a minute, each maybe, is the service delivery standards. As some of you will recall, it was not that long ago that the Postal Service had delivery standards to deliver the mail in one day.

In sort of like the same metropolitan region or geographical region, it was feasible in one day. Outside, if you could not do that, the Postal Service was expected to deliver in 2 days. At the very least, if the mailer and the mailee are in the lower 48 States, contiguous States, there was 3-day business day delivery. So it was one-two-three.

I think at our encouragement the Postal Service, while they have cut mail processing centers, they changed the standard, if you will, the standard of delivery, and they have gone from a one-two-three-day to a modified-one.

So, if you are in the same metropolitan area—let's say I live on one side of Washington, DC, I do not; I live in Delaware. One side of Washington, DC, and you lived on another side of this metropolitan area, if I mail to you today, you should get it tomorrow. That is modified-one. If we are outside of the metropolitan area, you might get it, but you may not. And this was modified-one-two-three.

I think the Postal Service would like to go to two-three—a 2-day even in the same metropolitan area. It could be in one, but two would be the expectation, and then three.

In terms of what is appropriate for us, I am not comfortable with the Postal Service saying this is how many mail processing centers we should have.

Some people have said the more appropriate thing for us to do, maybe with the involvement of the Postal Regulatory Commission and certainly the Board of Governors in the Postal Service, is to consider whether modified-one-two-3 days of service is appropriate or one-two-three is better or two-three is just fine.

And I would welcome any comments that you all have in this regard. Ms. Kennedy, I picked on Dr. Miller all afternoon. Maybe I should come to you.

Ms. KENNEDY. My first thought about that is if we have declining First-Class Mail volume to have more delayed First-Class Mail delivery does not make sense. I mean, if possible, I personally would like to see us have the faster standard of delivery. That concerns me. I think those two things would be inversely related.

Chairman CARPER. Thank you.

Ms. KENNEDY. You would have fewer people mailing letters.

Chairman CARPER. Thank you. Mr. Bennett.

Mr. BENNETT. Just off the cuff, I think the faster standard of delivery would be better primarily because of customer service. I mean, it is the Postal Service. This is a service organization. Every company in this country that has focused on service is focused on how to provide a better service to this customer than somebody else. And having deliveries 2 or 3 days after you put it in the post is probably not a good way to make sure that your customers are happy. And if you have customers happy on one end, then they are going to want to use you for something else. So I would focus on how do I make my customers most happy, and I would think that would be more of a faster service, to help my business.

Chairman CARPER. OK. Thanks. Mr. Crawford.

Mr. CRAWFORD. What strikes me when I think about this question, Mr. Chairman, is my daughter, who is 14 and lives on her iPhone when she is not at camp. And she finds e-mail to be slow and cumbersome. Instant messaging is so much quicker, she tells me. To me, e-mail is just so rapid; it is incredible. But the new generation is accustomed and expects what they want to arrive on the door, within minutes and instant sort of gratification. And we worry about that in some respects, but in other respects it is a tribute to the new communications and transportation capabilities that we have developed.

And given that shifting culture and those expectations for speed and on-time delivery, I am reluctant. You have to look at the economics of all this and the tradeoffs and costs, but I hate to see the Postal Service give up one-two-three.

Chairman CARPER. All right. Thank you. Dr. Miller.

Mr. MILLER. Mr. Chairman, two things.

One, as I recollect, the rationale for this change in service standards was developed after I left. So I do not know the details of it, and I hesitate to answer because without having time to analyze the data. Second, there is a tradeoff, obviously. You cannot do all things for all people, and you have to make some choices here. The service standards should be an input into the question of plant and logistical rationalization, it seems to me, but I just do not have my hands on the information necessary.

Chairman CARPER. I understand.

Mr. MILLER. Everything else equal, I think there is something nice about having, as you characterize it, a one-two-three kind of standard. And you would deviate that only for a good reason, but I do not—whether there is a good reason there or not, I just simply cannot say at this time.

Chairman CARPER. All right. Thank you.

I think I mentioned earlier on Saturday I was home for a little bit at about 5 in the afternoon and our letter carrier came and delivered our mail on Saturday. And it turned out there were some things in the mail that we actually very much wanted to receive. It is not always the case, but it sort of was on that Saturday.

Part of the debate that surrounds postal reform these days is, should we continue to have 6-day-a-week service except when we have like a holiday that mixes in, like July 4th if it is on a Friday maybe, or should we allow the Postal Service at some point in time to go from 6 to 5-day-a-week service?

When we passed our legislation 2 years ago, 62 Senators voted for it. In that bill, you may recall, there is a version that said the Postal Service could eventually go from 6 to 5-day service if they chose to, but you have to wait for at least 2 years after enactment of that legislation, or that legislation if it had been enacted.

That means the Postal Service would have been free this year to go from 6 to 5-day-a-week service in 2014 and to do the same thing in terms of closing additional mail processing centers, in 2014.

Well, the bill did not get enacted. It is 2014. And now we are grappling with the same issues—mail processing centers, standards for delivery and 6 or 5-day-a-week service.

We have taken a little different approach, as you may know, this year with respect to our legislation from six to five.

For years, I have sat here with our labor friends from the postal unions, especially to the letter carriers, and urged them to work with the Postal Service to find a way to continue to deliver mail on Saturday and with a wage benefit structure/compensation structure that makes the Postal Service more competitive and that does not lose as much money.

We were told a couple years ago that going from 6 to 5-day-a-week service for the Postal Service would save \$3 billion a year for every year going forward.

And we are told now that because of those changes in the wage benefit structure that have been negotiated between the Postal Service and the letter carriers, and maybe the rural route letter carriers as well, that that is no longer \$3 billion savings. It is somewhere between 1.5 and maybe \$2 billion a year, which makes it more—the Postal Service may lose money, but there is a tradeoff there maybe between service and service delivery and labor cost.

We took a different approach in the legislation that Dr. Coburn and I have brought to the Committee and the Committee has reported out. And our legislation says we are not going to say to the Postal Service, for 2 years, you are forbidden to go to 5-day-a-week service.

What we say with our legislation is let's look at a volume trigger. And the Postal Service last year, I think, delivered about 158 billion pieces of mail, give or take.

And what we put it in is a volume trigger that says, if that number drops below 140 billion pieces of mail, then the Postal Service would be free to go from 6 to 5-day-a-week delivery. It does not have to if they are losing money. If they are making money hand over fist, maybe they would not want to; maybe they are continuing to find ways to use that Internet digital connection and to make money.

But the reason why we decided to take this approach, to use a volume trigger instead of somebody saying, well you can go to 5-day-a-week service in 2 years, is because we want to realign the incentives. We want to incentivize postal employees to work harder, to sell harder, sell products, whether you happen to be on a rural route or you happen to be in a post office in a town, a city, or a community. But we want them to be incentivized to sell more.

We want to incentivize the mailers, whatever they happen to be mailing. Whether they happen to be nonprofits, whether that be catalogs folks or magazines, we want to incentivize them to want to mail more in order to avoid the volume trigger, to keep 6-day-a-week if that is what they want.

I just want you to react to the different approaches—what we put in our bill 2 years ago on 5-day-a-week, where we said you cannot do that for at least 2 years after enactment, as opposed to some kind of volume trigger today, and what you like about it or not.

Please, Dr. Miller.

Mr. MILLER. Mr. Chairman, as I said in my response to questions from the Committee, I think the Postal Service made a mistake in trying to obtain permission, or first stated it would accomplish this without Congressional acquiescence but then tried to obtain permission, to do 5-day—go from 6-day to 5-day delivery. I think they should have asked for delivery flexibility.

There are a lot of places in America where 6-day delivery makes eminently good sense. Some places, 7-day delivery makes good sense; other places, 5-day delivery; other places still, 2 or 3-day delivery, per week.

The Postal Service needs to have that kind of flexibility. I think the Postal Service can provide what any reasonable person would say is universal service to some places in America at 2 days or 3 days, where the costs are just extraordinary of doing 6 days a week.

The Postal Service did couple its proposal with a provision that the post office would remain open on Saturdays. If someone were expecting a water bill or payment or box of medicine or something like that, they could come to the post office and get it.

I live on a lane. I have to go a third or half a mile every day to pick up my mail at my mail box. A lot of people go pick up their mail at the post office.

And I know a lot of people are in very remote locations, et cetera, especially in rural communities, more rural than mine.

But I think with some flexibility the Postal Service could inconvenience a few people somewhat but save a lot of money—money that is being provided by other postal rate payers.

For the most part, what we are talking about in terms of the Postal Service's revenue base is not money from the taxpayer; it is

money from other postal patrons. They are paying for the losses that are ascribed to service that is just economically prohibitive.

Chairman CARPER. All right. Thank you very much for that insight. Mr. Crawford, please.

Mr. CRAWFORD. Just to add to those very thoughtful comments, Jim, I see it as a last resort.

When I was on the transition team, the volume in 2008 was 203 billion pieces; 158 billion this year. From second quarter results, it will be 151 billion pieces or so in 2014.

That 140—we are approaching some of the thresholds that are in the bill.

But what has struck me since I was here 2 years ago—and I learned this from the reform legislation that you and Dr. Coburn have introduced—is the potential savings in retirement and health care expenses, which exceed even what I imagined when I had done earlier examinations.

And I think in light of the really large possibilities there, that it may not be necessary to go to 5-day delivery. I think Jim makes a good point about it depends on where you are and what makes sense. And I do believe the Postal Service should have the flexibility. It would be better if it were not just legislated that they had that capability.

But at the same time, as a Governor, I view any reduction in service—it is a little like one-two-three—and service standards, highly regrettable and should only be taken as a last resort—and I think the numbers show—that there would be some savings. As you say, 2 or 3 billion a year, that is not chicken feed.

But next to what we are talking about in the health care and our time and expenses, it just may not be necessary.

And for a lot of people who deliver catalogs—I get my Economist most weeks on Saturday. That would be a loss, to have to wait until Monday or Tuesday on a holiday week.

So I would like to see us keep 6-day delivery but to have the flexibility to reduce if we need to.

Chairman CARPER. All right. Thanks. Thank you very much. Mr. Bennett, please.

Mr. BENNETT. Yes, I think that 6-day delivery is something that is kind of a foundation at the post office in that people expect that, and I think it would—that customer service would probably almost demand it in most cases.

However, that said, I think we have to be careful to try and have a one-size-fits-all fix for all the various problems and, as Jim pointed out, that sometimes there may be some areas where 5-day delivery is just fine and some areas where 7-day delivery is most important.

But, at the end of the day, I think that we have to be very careful not to try and fix the—have a one-size-fits-all kind of solution to the various challenges.

If this is just about the financial issues, I think, as Stephen Crawford said, that there are other ways that you have included in the bill to address the major financial issues. So just to make that change for the purpose of financials, as big of a savings as it would have, I am not sure that that is the right thing.

And, again, if you go back and think about the model I talked about where you have these various silos of cost. If you start driving cost out of one area, you may end up driving cost up in some other areas.

Ending Saturday delivery while we have this trigger of 140 billion pieces of mail before you can actually drop Saturday delivery, if you drop it, all of a sudden your pieces of mail start to fall further. So the savings impact could end up causing revenue losses in other areas that we have not thought about.

So I think that there needs to be a careful analysis in that area, to look at what the impact is across the enterprise.

Chairman CARPER. Thank you. Ms. Kennedy.

Ms. KENNEDY. I really support what my colleagues said, and I really do not need to repeat it, only to say that I think that we need to project a Postal Service that is working and that is available for people to want to use.

And I really reiterate strongly what Steve Crawford said. Any time you have a cutback in service in any way, whether it is delivery standards, whether it is daily delivery, 6 days a week, I think it is a black eye. I think it hurts us.

And we want people to feel that the Postal Service is excellent in every way, that the mail, when they drop that letter in the mailbox, when it is picked up by their postal carrier, that it is going to get where they want it to go, that it is going to get there in a timely fashion, that they can rely on the United States Postal Service. That is the image we want to project. That is what we want to have happen.

So I would love to see us find other ways to keep our finances robust and to maintain the Postal Service.

Chairman CARPER. Thank you.

I just want to reflect on this for a moment. The legislation that was reported out of this Committee a couple of months ago allows the Postal Service to consider whether or not to reduce service from six to five with a number of caveats, including the post office has to be open on weekends. People have access to their mailboxes and that kind of thing. Certain kinds of items still have to be delivered, I think, including pharmaceuticals and medications and that kind of thing.

But at the encouragement of Senator Levin, we did not just use a straight trigger, a 140 billion volume trigger, to say, when the mail volume drops under 140 billion, even if that is next year, you can go to 5-day-a-week delivery. We did not do that.

We have a provision that says you cannot do it before 2007. And, effectively, the Postal Board of Governors, even if they were to see the volume plummet, I do not think we are going to with the economy coming back, God willing.

But the effect of what we put in our legislation is at the earliest we could go to from 6 to 5 in the first part of 2018. So we will see how it works out. I think the challenge for us here, the challenge to the Postal Service, is for employees to figure out how to get more people to use the service.

How do we make Saturday delivery—how does the Postal Service make Saturday delivery not something that loses \$1.8 billion a

year but actually make it even profitable? That is the key. How do we do that?

As we figure out how to better get this digital intersection—so, figure it out.

And, Mr. Bennett, if you get on this Board of Governors, I know you are going to help us do that. But I think that is the challenge for us. How do we use this? How do we take this legacy organization and make money with it and do so without encroaching in inappropriate ways on the private sector?

We are still hoping Dr. Coburn is going to join us. He is flying in from Tulsa. And you know the old song, the Gene Pitney song, Only 24 Hours from Tulsa. It does not take quite that long to get here from Tulsa, but Dr. Coburn's flight has been delayed somewhat. Chris, do you have any updates for us?

[Pause.]

All right. I have some bad news for you, and that is that Dr. Coburn's flight has been apparently delayed further and he is not going to be able to be here until 8. So we will have dinner, and you guys can get to know each other even better. [Laughter.]

No, I think we are going to wrap it up. Knowing Dr. Coburn, he will have plenty of questions for the record. And, if he has not had a chance to meet with you, my guess is he will want to do that, and I would urge you to try to make time to do that. He is a very thoughtful, creative person. [Laughter.]

He is blessed with good staff and so am I. They keep us out of trouble most of the time.

A lot of times what I will do with a hearing, if we have an opportunity—you were invited to make an opening statement, and I thought you had very good ones. Sometimes when we have time, I like to give our witnesses a chance to give a closing statement, not 5 minutes, just to reflect on what you have heard, what you said and what others have said and some questions that were asked.

But if you would just take a moment and give us a closing statement, just to take maybe a minute or so to do that. And I will make a couple of comments, and then we will call it a day. Ms. Kennedy, would you like to lead off?

Ms. KENNEDY. Sure. Thank you so much, Mr. Chairman.

Thank you for giving us the opportunity to be here today, and thank you for your very thoughtful questions. I think the challenges are there, but I think there are great opportunities. The United States Postal Service is a tremendously vital asset for this Nation.

And I look forward to having the opportunity to serve, and if confirmed, I look forward to serving with these magnificent gentlemen here to my right and having a great continuing conversation with you and with Dr. Coburn and the rest of the Members of the Committee. Thank you very much.

Chairman CARPER. Thank you, ma'am. David Michael Bennett.

Mr. BENNETT. All right.

Chairman CARPER. From Charlotte, North Carolina.

Mr. BENNETT. Absolutely. This is a really neat process. Thank you so much for the opportunity to be here and to go through it.

Chairman CARPER. Confirmation hearings are not normally this much fun.

Mr. BENNETT. Well, I have had a good time.

Chairman CARPER. Sometimes they can be downright—as Dr. Miller knows, sometimes they can be pretty terrible.

Mr. BENNETT. Well, I have had a great time.

Chairman CARPER. It has been a good one.

Mr. BENNETT. Maybe that is more of a comment on my personality than anything else, but this is a real opportunity I look forward to having the chance to tackle.

I mean, the problems that the Postal Service has and that we have talked about today and that we have talked about at our lunches are really challenging, but they are the same kinds of problems that other businesses have faced for the last decade.

IBM transformed themselves. Sysco is having to transform themselves now. Company after company have had to transform themselves, and they have come out on the other side, better than they were before.

I think we have an opportunity to take this 200-plus-year-old organization and make it better than it was before, do some things that are different.

I mean, maybe in a year we are not even talking about the number of pieces of mail that we have delivered. Maybe we are talking about the number of shoes or the number of other items that have been faxed that we have had a chance to delivery.

The world is changing, and we have an opportunity. I think now, at this critical juncture, we have an opportunity to take the most unique organization in the world, in terms of logistics and moving things around, and make it something really special for the American people.

I look forward to the opportunity, and I hope I get the opportunity to serve on the Board of Governors and help make that happen.

Chairman CARPER. Thank you. And I hope you will, too. Thank you.

Mr. Crawford. For the closing statement, I want to recognize Dr. Crawford.

Mr. CRAWFORD. I appreciate that.

Chairman CARPER. I kept asking myself, is he a Mister or is he a Doctor? Finally, they told me you are a Doctor.

Mr. CRAWFORD. Well, I was sort of——

Chairman CARPER. All those times I called you Mister, I apologize, Dr. Crawford.

Mr. CRAWFORD. I will just take this opportunity to say, I was here 2 years ago almost to the day for my hearing the first time around, and S. 1789 was then—it had actually passed in the Senate.

Since then, my wife has said to me this classic question that we have all been asked: Why do you want to do this? The Board cannot fix what is wrong with the Postal Service. Congress seems to be reluctant to act.

And, to be perfectly frank, I had to ask myself, does this make good sense?

And it has been so gratifying to come back this time because S. 1486 has been reported out of the Committee and I am just so impressed by the changes that it holds forth and am hopeful enough that something like those will be enacted, that I find myself almost sharing Michael David Bennett's enthusiasm.

And the fact that there are four of us together here now, with such an interesting background, I have to confess that I, too—and it is not like a cynical old professor, an Army officer. But I, too, am enormously enthusiastic about this opportunity because of the legislation that is underway and because of the team that is here together. So, thank you for the opportunity.

Chairman CARPER. You are welcome, and Dr. Crawford, thank you for your willingness to take this on yet again and try to get it done this time. OK?

Thank you. Dr. Miller, please.

Mr. MILLER. Thank you, Mr. Chairman. I appreciate the opportunity of being here today, and I appreciate also the opportunity or the prospect of serving with these three individuals whom, as I say, I have gotten to know and respect. I think great things could come from the Postal Service's being led by them as well as the current Governors.

I concur with what Dr. Crawford has just said about the two legislative vehicles. I think the current one is much improved over the former one—a matter which gave rise, I think, to some lack of cohesion 2 years ago.

I think Mr. Bennett, summarized things well and made the case for something I have been saying all along, and that is I think the Postal Service really needs the freedom, the flexibility, to operate like a business.

Those businesses that have remade themselves have been able to do that because they had the freedom to experiment and to do things of a sort that Stephen mentioned earlier. All along, we have to be cognizant of the public service mandate the Postal Service has, as articulated by Ms. Kennedy. I think we can do that.

I think working with Congress, both houses. As you know, the other body has not come with a proposal that is quite similar to the one that you have. There is more work to be done. I think, though, that the prospects are reasonably good because the situation of the Postal Service is so dire.

And I congratulate you on the progress that this Committee has made, and I urge your prompt attention to the nominations and to the prospect of a full board operating in high gear. Thank you, Mr. Chairman.

Chairman CARPER. Thank you.

Thank you all. Those are wonderful closing statements.

Let me add a couple of things—one, sort of humorous, and the other more serious. Not long ago my wife and I happen to be driving by a cemetery. And she is always after me to update our wills. And I said, Martha, I have no intention of dying anytime soon. She said, oh, we need to update our wills. Then one day, she said to me while we were driving by a cemetery; she said, ever think about what you would like to have on your tombstone? And I thought about it for a moment.

I said, I think I would like to have these words: Return to Sender. [Laughter.]

Return to Sender. It is not just a great song but a pretty good something to put on a tombstone. It fits nicely, too, I think.

The leaders are many things. You all have been leaders throughout your lives. I think leaders are humble, not haughty.

We lead by example. It is not do as I say, but do as I do.

I like to think leaders are those who have the courage to keep out of step when everyone is marching to the wrong tune. Leaders are also purveyors of hope. Those are not my words. That is Camus. Leaders are purveyors of hope. And this is not a hopeless situation. It is actually quite a hopeful situation.

I have been up here drinking water. Sometimes I have to be careful not to drink too much in these hearings when I am by myself. But this is a glass half-full situation.

And, if we can get our act together here in this body, on Capitol Hill, working with the President and all the key stakeholders, this can turn out a whole lot better than some were willing to believe just a few years ago.

Part of the key to this is having the right folks on the Board of Governors.

And when people say to me, what is your all-time favorite job, I tell them my best job I ever had was at Ohio State University, where I was a pots and pans man at the Delta Gamma sorority house. That was a great job. A close second would be Governor of Delaware. I loved being Governor. Please to serve here, but I loved being Governor, and I tell people I am a recovering Governor when they ask what I do.

To people who really do not know me, I say, I am a recovering Governor. And some day I hope you will have the chance to say that you are recovering Governors, too.

I think, Dr. Miller, you have already been able to say this for a while. But I think you will be a great addition to the Board of Governors.

Dr. Coburn and I will have a chance to talk tomorrow and talk about how he would like to move forward and do it in a timely way.

With that, let me just say that, again, we are deeply grateful to each of you for your time and preparation today, for meeting with our staffs.

All four of our nominees have filed responses to their respective biographical and financial questionnaires, answering pre-hearing questions submitted by our Committee.

You have had your financial statements reviewed by the Office of Government Ethics.

Without objection, this information will be made a part of the hearing record with the exception of the financial data, which are on file and available for public inspection in the Committee offices.

Without objection, the record will be kept open until 5 p.m. tomorrow for the submission of any written questions or statements for the record.

I am sure Dr. Coburn will have some additional questions, and my guess is that some of our colleagues will, too.

And, with that, it is a wrap, and we will adjourn this hearing today. Thank you, again, so much.

[Whereupon, at 4:56 p.m., the Committee was adjourned.]

A P P E N D I X

**Opening Statement of Chairman Thomas R. Carper
“Nominations of Hon. James C. Miller III, Stephen Crawford, David M. Bennett,
and Victoria Reggie Kennedy to be Governors, U.S. Postal Service”
July 14, 2014**

As prepared for delivery:

We're meeting today to consider four nominations to fill vacancies on the Postal Service's Board of Governors. We're considering these nominations at what is a very challenging time for the Postal Service. But it's also a time that holds a lot of promise for someone in the line of business the Postal Service is in.

The Postal Service operates at the center of a massive printing, delivery, and logistics industry that employs millions of people. Even as First Class mail like letters, greeting cards, and even wedding invitations are lost to other forms of communication, the future is bright for the Postal Service in a number of ways. Advertising mail is still a popular and effective option for mailers. E-commerce and package delivery are booming, making the Postal Service a vital partner for businesses large and small. Even the Postal Service's traditional competitors rely on it to carry items the last mile to rural communities around the country.

For years people have questioned whether the Postal Service has a future. These developments I've mentioned tell me that it does, and potentially a very bright one. But all of this is at risk if those of us here in Congress continue to prove incapable of making the kind of tough decisions necessary to make the Postal Service competitive in the years to come. As important as the Board of Governors is, Congress holds the keys to the Postal Service's future. The men and women on the Board – including those before us today, should they be confirmed – have little chance of success unless we do our jobs and pass comprehensive postal reform legislation.

The Postal Service today carries barely enough cash to make payroll. Its line of credit with the Treasury is maxed out and has been incapable for years of making capital investments, including the technological investments necessary to compete with a UPS or a FedEx. Things are so bad that the Postal Service has letter carriers on the streets today driving inefficient, sometimes unsafe vehicles that guzzle gas, breakdown, and are older than a lot of members of my staff. This is just unacceptable.

Some observers point to the boom in package delivery and the fact that the Postal Service occasionally makes a small operating profit and say that things are OK. They argue that tough decisions aren't necessary and that we should be happy with a Postal Service that just limps along. That's just not acceptable. The Postal Service is just one major international crisis, one recession, or one big spike in gas prices away from failure. On top of that, with few tools at their disposal in their efforts to keep the Postal Service afloat, postal management announced just the other week that it would be closing an additional 82 mail processing plants across the country and further slowing down mail delivery in every community in the country.

This comes after the loss of about half of the Postal Service's mail processing capacity in recent years. At a time when the future holds so much promise for the Postal Service, this is a potentially devastating blow that will further sap the confidence the public has in the Postal Service and its ability to remain relevant. If we want a Postal Service that our constituents can rely on, that businesses can rely on, and that has a chance of continuing the progress we've seen it make in package delivery, Congress need to pass a bill.

Our committee has done its work on this issue so far. In February, we sent a bill to the full Senate that would save the Postal Service billions of dollars in pension and health care costs, including by allowing it to take full advantage of the investments it and its employees have made over the years in Medicare. It would also give it an immediate cash infusion through a refund of its overpayment into FERS and free it to compete in new lines of business. More importantly, it would preserve existing service standards – including the 82 plants and Saturday mail delivery – for the time being until other reforms have a chance to bear fruit.

Our bill is a solid, comprehensive, and realistic response to a real crisis. In my opinion, it's the only one introduced in the House or Senate in recent years that would actually work. The Postal Service has indicated that it would give it the cash needed to pay down debt, account for its pension and health care obligations, invest in capital, and still have as much as \$7 billion in more in cash on hand after ten years. This is real reform.

I look forward to talking to our nominees today about what they think needs to be done to address the challenges facing the Postal Service, and the skills they think they bring to the table. If confirmed, this group of nominees would nearly double the size of the current Board. So there's an opportunity with this new injection of talent combined with the enactment of a solid postal reform bill to make significant progress in the near future.

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Chairman Carper, Ranking Member Coburn, members of the Committee –

Thank you for allowing me to introduce my great friend, the incredibly talented Victoria Reggie Kennedy, who has been nominated by President Obama to serve on the Board of Governors of the United States Postal Service.

Vicki Kennedy is a public service powerhouse for our country.

A brilliant, gifted attorney, adviser and public servant, Vicki will be an outstanding member of the Postal Service Board of Governors.

Vicki will bring intellectual rigor, innovative and strategic ideas, leadership, and her endless energy to this post.

Indeed, Vicki's career is singularly suited to the Postal Service Board at a time when it needs public servants as dedicated and creative as Vicki.

From our first postmaster, Benjamin Franklin, to today, the Postal Service has been an integral part of our democracy. It pushes the frontiers of communication, rain or shine, through wartime and peace.

Vicki will bring that same steadfast service to the board, and a wealth of expertise.

When Ms. Kennedy was a partner at a major law firm, she helped banks reorganize and recapitalize. At a time when efficiency and funding are both issues at the USPS, her experience will be invaluable.

Today Vicki helps organizations develop strategies to resolve complex issues. Today's Postal Service has no dearth of similar business matters to resolve.

And like her husband, our beloved colleague, the legendary Senator Ted Kennedy, Vicki believes in the importance of helping government work at its best to serve the American people.

That's why she is the President of the Board and co-founder of the Edward M. Kennedy Institute for the United States Senate, created to educate the public about the unique role of the Senate in our democracy.

Under Vicki's leadership, this innovative hub of history will open next year adjacent to the John F. Kennedy Library.

The Institute will provide visitors a state of the art, high-tech, interactive opportunity to learn lessons from America's past and develop new ideas that can help shape a better future.

Vicki is also a Trustee of the Kennedy Center for the Performing Arts, a member of the Board of Overseers of the Museum of Fine Arts Boston, and a member of the Board of Directors of the National Leadership Roundtable on Church Management.

Vicki is a summa cum laude graduate of the Tulane University School of Law and a magna cum laude graduate of Newcomb College at Tulane University, where she was also elected to Phi Beta Kappa.

Vicki has received honorary doctorate degrees from Boston University, Northeastern University, Montclair State University, University of Massachusetts Boston, Lesley University, Emmanuel College, Western New England University, and Suffolk University Law School. That is an impressive list of accolades and a testament to her intelligence, character and accomplishments.

The Postal Service needs Vicki Kennedy. The Board needs talented, proven leaders who can assess the problems facing the USPS and creatively and capably help the Postal Service resolve those challenges. That's exactly who Vicki Kennedy is.

I greatly admire Vicki and have complete confidence in her.

Vicki Kennedy will shine on the Board of Governors and our country will be better for her service.

Thank you.

**Senator Elizabeth Warren
Statement for the Record
Hearing before the U.S. Senate Committee on Homeland Security and Governmental
Affairs
July 14, 2014**

I would like to express my strong support for the nomination of Vicki Kennedy to be a Governor of the United States Postal Service.

The Postal Service plays a critical role in our social and economic lives, connecting individuals with friends and family and enabling businesses to conduct their operations efficiently and securely. USPS has adapted fairly well to the new challenges of the Internet age, but it is facing a manufactured budget crisis thanks to an unusual and unnecessary requirement imposed by the Bush Administration in 2006. That Administration required the Postal Service to fund the retirement benefits of future retirees decades ahead of schedule. No other company, public or private, is subject to such a demanding obligation. We will need smart and creative leadership at USPS to address this budget crisis while ensuring that the Postal Service continues to provide reliable service to the millions of Americans who depend on it.

I am confident that Ms. Kennedy can provide exactly that sort of leadership as a Governor on the USPS Board. Ms. Kennedy's experience in both the public and the private sectors gives her a unique perspective to confront the problems facing this agency. As President of the Board of the Edward M. Kennedy Institute, she has led the effort to launch and develop a new center that will focus on civic education and the history and operations of the United States Senate. In her work as a strategic consultant and attorney at VR Kennedy Strategies, she has provided strategic business advice to a variety of clients. Her efforts as a Commissioner on the Bipartisan Policy Center's Commission on Political Reform testify to her abilities to bridge gaps and develop solutions to difficult problems. Ms. Kennedy also serves on the boards of the John F. Kennedy Center for the Performing Arts, the Museum of Fine Arts, and the National Leadership Roundtable on Church Management.

Over the last few years, as I have worked to further the legacy of her late husband Senator Edward M. Kennedy, Vicki's advice and knowledge have proved to be invaluable to me. Her tireless advocacy on behalf of families in Massachusetts and around the country is unmatched, and I am confident that she will bring important leadership to the Postal Service.

In Vicki Kennedy, the President has chosen an especially strong nominee for the USPS Board of Governors. I commend the President for this excellent choice, and I urge my colleagues on the Senate Committee on Homeland Security & Governmental Affairs to swiftly advance her nomination to the floor of the Senate.

Committee on Homeland Security and Governmental Affairs
United States Senate
July 14, 2014

Mr. Chairman, Mr. Ranking Member, and Members of the Committee: my name is James C. Miller III, and I thank you for inviting me to this hearing today. The U.S. Postal Service (USPS) faces extraordinary challenges. The work you do can either put the organization on a sound financial footing or see it become an expensive ward of the state. With the Postal Reform Act of 2014 (S.1486) you have taken an important step in the direction of the former. I hope the House Oversight and Government Reform Committee moves forward with its bill and that a conferenced bill will become law. If confirmed, I pledge my support of such an outcome.

I wish to thank President Obama for nominating me for another term as USPS Governor and Majority Leader McConnell for urging him to do so. I am pleased to be nominated alongside the three distinguished individuals with whom I share the table, all of whom I have gotten to know and admire in recent months. They will make splendid additions to the Board.

There was a time, when as President Reagan's budget director, I knew my way around Capitol Hill pretty well, and I dare say most Members of Congress knew me or at least knew of me. But that was a quarter of a century ago. So, let me tell you a little about myself.

After public schools in a small town East of Atlanta, I received bachelor and Ph.D. degrees in economics from the Universities of Georgia and Virginia respectively. Over the years I pursued a career as an academic, teaching full-time at Georgia State University and Texas A&M University, and part-time at the University of Georgia, the University of Virginia, George Washington University, and George Mason University. Also, at certain periods I have been associated with some of the nation's leading think tanks: the Brookings Institution, the American Enterprise Institute, and the Hoover Institution. I am the author, co-author, and/or editor of nine books and over 100 articles in professional journals.

My career in the federal government included senior-staff stints at the Department of Transportation (where I contributed to airline regulatory reform) and the Council of Economic Advisers (where I wrote the chapter on government regulation in the 1974 Economic Report of the President). For a time I served as an assistant director of the Council on Wage and Price Stability, where my team and I analyzed and made transparent the benefits and costs of proposed federal regulations. In the Regan Administration, I coauthored Executive Order 12291, which established the program of centralized regulatory review, and then implemented same. As chairman of the Federal Trade Commission I steered the organization back to its historic purposes of ensuring competitive markets and

protecting consumers, and I resisted efforts to have the agency's authority curtailed. As director of OMB I helped negotiate and then implement the Gramm-Rudman-Hollings law, which brought the deficit down markedly, and in a real way I helped manage the federal workforce. Finally, as you know, I served a term on the USPS Board of Governors, including three years as elected chairman, where, among other things, my colleagues and I initiated and implemented the "Forever Stamp" and were responsible for a workforce of half a million. Along the way, I testified before committees of Congress so many times I've lost count.

In 1994 and 1996 I ran for, but failed to secure, the Republican nomination for the U.S. Senate from Virginia. And in 1998 and 2000 I helped my spouse in her failing general election campaigns to represent Virginia's Eighth District in the U.S. House of Representatives.

My business career has included a private consulting practice, development and leadership of an economic consulting firm, and directorships at a number of companies. Presently I serve on the boards of Washington Mutual Investors (one of the largest equity mutual funds in the country), the Tax-Exempt Fund of Maryland, the Tax-Exempt Fund of Virginia, and Clean Energy Fuels Corporation (the largest retailer of natural gas for vehicles in North America). On each of these boards I serve as chairman of the audit committee and as the designated financial expert. In addition, I serve as a Senior Advisor at Husch Blackwell LLP, an international law firm, and as chairman of the executive committee of the International Tax and Investment Center.

Today I am here to ask you to confirm me for reappointment to the USPS Board of Governors. Dr. Demaris Miller, my wife of over half a century, has asked me several times: "Why are you doing this? You've been there, done that." The reason? It is a matter of unfinished business. You see, I care about the U.S. Postal Service – its customers, its vendors, its employees, and others who depend upon it. USPS is a great institution, with a great history. It's being pummeled from many quarters and must change its business model if it is to survive as anything other than a ward of the state. I spent endless hours attempting to make this happen, but did not succeed before my term ended in a full stop in 2011. I want to renew my efforts and, working with my colleagues, with you Members of Congress, with those in the Administration, and with other stakeholders, help bring this goal to fruition.

Mr. Chairman, Mr. Ranking Member, and Members of the Committee: this completes my statement. I shall be happy to address any questions you might have.

Stephen Crawford

HSGAC Confirmation Hearing, July 14, 2014

Opening Statement

Good afternoon Chairman Carper, Ranking Member Coburn, and members of the Committee. Thank you for the opportunity to testify today and for your leadership on postal reform legislation. I am truly honored to be nominated by the President to serve on the Board of Governors of the U.S. Postal Service, and I am pleased to share with the Committee, how, if confirmed, I would approach the responsibilities involved.

As you know, the Postal Service faces enormous challenges. In assessing them, I find it helpful to keep in mind the magnitude of what's at stake. In my view, the Postal Service remains a vital national asset. It directly employs almost a half million Americans, and it makes possible a \$900 billion mailing industry that employs 8 million others. Although mail volume has declined from its 2007 peak, the Postal Service still delivered 158 billion pieces of mail last year to more than 150 million households and businesses. Many of these Americans depend on those deliveries for essential services that they could not afford were it not for the Postal Service's commitment to universal service. Similarly, many small businesses, nonprofits, publishers and other mailers depend on the Postal Service's internationally recognized efficiency and reliability.

Amazingly, this vital institution now finds itself unable to meet its financial obligations. It is in these dire straits, I believe, for three main reasons: 1) the growth of electronic communications and resulting diversion of First Class Mail; 2) the recent recession and its lingering impact; and 3) the unique regulatory environment in which it operates. While there seems to be broad agreement on these causes of the Postal Service's deficits, there is considerable disagreement about how to fix them. Some emphasize cutting costs by consolidating facilities, reducing delivery frequency and/or changing service standards. Some emphasize increasing revenues by adding new products and services. Some call for adjusting the price cap, and many call for changing the current requirements for prefunding the health benefits of future retirees.

I believe that the challenges are so severe that the Postal Service should explore all the above, and I applaud the committee for crafting and passing a bill that does so, S. 1486. I say that as someone whose past experience has included unusual opportunities to examine the Postal Service's problems in broad terms. Yet, if confirmed, my views might evolve as I learn more. As a board member, I would carefully consider all reasonable options and make decisions based on my sense of what is best for the country and the long-term health of the Postal Service. I would approach these decisions as someone who listens carefully and communicates honestly, takes seriously the interests of all involved parties, yet believes strongly in innovation and leadership.

I believe that my prior experience has prepared me well to serve on the Board and to make distinctive and significant contributions to its work. To be sure, I have never managed an organization of more than 50,000 employees. However, I have advised and worked closely with the top leaders of such organizations, especially state governors but also corporate CEOs and university presidents.

As the executive director of Maryland's state workforce investment board, I headed an independent state agency that worked closely with the Governor's office. As a senior manager at the National Governors Association, I worked with many governors, and headed the team that staffed Janet Napolitano's year-long Chair's Initiative, *Innovation America*. That initiative involved a task force that included the chairs or CEOs of Intel, eBay, DuPont, JPMorgan Chase and Symantec and the presidents of six colleges and universities.

As a deputy director of the Brookings Institution's Metropolitan Policy Program, I worked with state officials, mayors, university presidents and business and civic leaders on efforts to promote innovation-based economic development and revitalize older industrial cities. Later, as the Vice President for policy and research at the Corporation for Enterprise Development, I had the great pleasure of briefing then-Delaware Governor Jack Markell in his Dover office, as well as senior White House and Department of Commerce officials.

I have also conducted research, published articles and advised on the kind of business model innovation needed to harness new technologies and adapt to market changes. My current research focuses on higher education, another industry where rising costs and online alternatives are calling into question the traditional business model.

At present, I am directing a foundation-funded project that seeks to reduce the chaos in today's credentialing marketplace by developing standards for describing and comparing credentials and by creating a national data network for posting and accessing the kinds of information about credentials that students, workers and employers need. The project's steering committee includes the U.S. Departments of Education, Labor and Commerce; the Business Roundtable, U.S. Chamber of Commerce, and National Association of Manufacturers, and the country's largest higher education associations.

I have also served on various boards and commissions. At present, I am a member of the board of directors of the American National Standards Institute, whose nearly 1,000 members include trade associations, professional societies, unions, consumer organizations, universities, government agencies, and such companies as Apple, Caterpillar, Exxon Mobil, GE, IBM, Kaiser Permanente, McKinsey, Netflix and Verizon, and represent more than 3.5 million professionals.

Finally, as a member of the Obama-Biden transition team and later as a consultant to the Postal Service, I have had exceptional opportunities to assess the problems and potential solutions facing the Postal Service, the mailing industry, and such related government agencies as the PRC and the Inspector General's office.

In closing, I would like to thank the Committee for its efforts over many years to provide the policy framework needed to enable the Postal Service to accomplish its vital mission. It is clearly a difficult task in today's rapidly changing environment, but I am optimistic that good solutions are within reach. I look forward, if confirmed, to working with you and all the Postal Service's stakeholders on crafting and implementing such solutions. I appreciate the opportunity to testify today and welcome your questions.

Senate Homeland Security and Governmental Affairs Committee Hearing
United State Postal Service Board of Governors Nomination
D. Michael Bennett Opening Statement

Good Morning Chairman Carper, Ranking Member Coburn and Committee members.

It is my pleasure to be here before you this afternoon. I want to thank President Barack Obama for his decision to nominate me to become a member of the USPS Board of Governors. I appreciate his confidence and recognition that I will competently and diligently fulfill the requirements of this critical role to our Postal Service and ultimately to the American people. I'm committed to exercising every aspect of my legal, business and technology experience to help the Postal Service continue to evolve as the needs of America for its goods and services evolve.

I am honored to have an opportunity to serve the American people at one of their most important institutions. The Postal Service is important because it is part of the bedrock of our nation. It is a critical component of the engine of our economy, as well as a material force in our personal lives. For businesses in remote areas, the Postal Service is sometimes the sole option, delivering essential products that maintain critical manufacturing machinery or providing delivery to their customers. It can also have a very personal impact. When people are unable to travel to a pharmacy, the Postal Service is often their lifeline to essential medications—a lifeline that can come directly to their doorstep. It is the only institution in this country that can touch every single American, every day. What an incredible national asset!

I doubt that any other country on the planet has an entity that can do what our USPS can do. Unfortunately we sometimes take this 200-plus year-old national treasure for granted. But, it is a treasure, and I want to be a part of creating even more value in the Postal Service for the American people.

Yes, I'm honored to be nominated, but I'm also excited about what is possible for the Postal Service. I'm eager to explore all the various ways it can serve the American people through its vast network of facilities, distribution networks, and—most importantly—its people. As I think about how companies have transformed themselves over the past decade to drive efficiency in and cost out, I get excited considering the possibilities for transformation we have for the Postal Service. Transformation is driven by innovation. I look forward to working with the Congress, this Committee, the other Board members and the Postal Service management on innovative ideas to drive efficiency and value in and cost out. I have lead several transformational IT programs and look forward to sharing those experiences, if confirmed.

Finally, we must look for ways to leverage the knowledge and skill of the Postal Service's incredible workforce. People are our biggest and most valuable asset. I know this personally, because when I was growing up, my Stepfather was a Postal mail carrier in Charlotte NC. There wasn't anything he didn't know about locations around Charlotte. This is the real asset that we can leverage so that the Postal Service can continue to evolve to provide what the ever-changing American people need and want. I can't wait to get started!

I look forward to your questions.

**Opening Statement of Victoria Reggie Kennedy
Senate Homeland Security and Governmental Affairs Committee
Confirmation Hearing, U.S. Postal Service Board of Governors**

Mr. Chairman, Mr. Ranking Member and Members of the Committee:

I'm pleased to join James Miller, Steven Crawford and Michael Bennett to appear before you this afternoon as President Obama's nominees to the Board of Governors of the United States Postal Service. I am honored and humbled by the confidence and trust that President Obama has placed in me.

I look forward to answering your questions and hearing first-hand your thoughts and concerns about the Postal Service. If confirmed, I look forward to working with the Committee and with other Members of Congress to strengthen the Postal Service in a long-term and comprehensive way.

I would also like to thank my family for their support. Many of them are here today – my mother Doris Reggie, my son Curran Raclin, Congressman Patrick Kennedy and his lovely wife Amy, my sister Alicia Freysinger and my nephew Congressman Joe Kennedy. My daughter Caroline Raclin is working in the Philippines and Ted Kennedy, Jr. has a campaign in Connecticut, but I promised I'd mention them because they really wanted to be here.

The Postal Service is a vital public asset. It has near daily contact with every American household and business. There are more than 31,000 Post Offices, stations and branches across this country, many of which serve as a focal point of local identity and a center of community interaction. With 500,000 hardworking and dedicated employees, earning solid, middle class incomes, the Postal Service is an essential part of the fabric of American life. Indeed, the governing principle of universal service – that no matter where you live in the United States, you are entitled to the same postal service as every other American – unifies us as a nation. Our Founding Fathers understood that when they included the Postal Clause in the Article I of the Constitution.

As we meet today, however, the Postal Service is facing a serious financial crisis. First class mail volume continues to decline and the Postal Service is facing the unintended consequences of a Congressional mandate to prefund long-term retiree health benefits on a short-term basis. Post offices and distribution plants are closing and the work force is declining.

If confirmed, I would work with my fellow Board members to look at comprehensive ways to address this crisis both with and without the need for new legislation. I would likewise work with them to listen to the concerns and ideas of key constituency groups, to craft long-term solutions to long-term problems, to position the Postal Service to be nimble and ready to take advantage of opportunities for growth in its core business – letter and package delivery – and not to undermine its essential strengths. I think it also important to look at the possibility of expanding into related business lines, while always maintaining timely universal service and protecting and nurturing the core business of the Postal Service.

The mailing industry in this country generates \$800 billion in economic activity, and the Postal Service is a key part of the distribution network for that activity. Its competitors even rely on its exceptional distribution infrastructure for the key “last mile” delivery to connect the smallest towns and rural areas to E-commerce. A recent Inspector General report has concluded that preserving that infrastructure could allow the Postal Service to reap as much as a half billion dollars of additional revenue in the near future because of private sector manufacturing innovations, such as 3-D printing, that will need the sophisticated, full-service delivery infrastructure that the Postal Service has in place.

I believe that the Postal Service can and should be at the leading edge of innovation in envisioning the new ways that Americans communicate with each other and with the rest of the world. I also believe it should have the regulatory flexibility to take advantage of opportunity and innovative when it is in the public interest.

I look forward to discussing these and other issues with this Committee today, and, if confirmed, with the Committee and Congress in the future.

If confirmed, I believe that my skills and experiences can make a positive contribution. As a practicing attorney, I’ve counseled clients in heavily regulated environments. I have represented federally insured depository institutions undergoing serious financial challenges requiring mergers, recapitalizations and restructuring and have represented both banks and borrowers in restructuring large loan transactions. I have also both counseled boards of directors as an attorney and served on numerous Boards.

If confirmed to the Board of Governors, I would always keep paramount a focus on the public interest. The Board of Governors should set policy to ensure the long-term financial well being of the Postal Service and it should assure that senior management follows and executes that policy. The Board should not micromanage operations. I believe in a full airing of the issues

and a robust dialogue with all interested parties, as we seek, in the public interest, the best way to return the Postal Service to a safe and secure financial footing.

In closing, I again want to thank you for considering my nomination, and I look forward to answering your questions.

James C. Miller III

323 Lyle Lane Washington, VA 22747 PHN: 540-675-3633 FAX: 540-675-3632

July 18, 2013


The Honorable Tom Carper, Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

My responses to the Senate Questionnaire filed in connection with my re-nomination on June 21, 2013 to be a Governor of the U.S. Postal Service are contained in Attachment A, and I certify that the contents of this document are true and accurate to the best of my knowledge and belief.

I thank the Committee for its consideration of my re-nomination.

Sincerely yours,



James C. Miller III

c: The Honorable Tom Coburn, Ranking Member ✓
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

REDACTED

Attachment A

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.)
Answer:
James Clifford Miller III
2. **Position to which nominated:**
Answer:
Governor, United States Postal Service
3. **Date of nomination:**
Answer:
June 21, 2013
4. **Address:** (List current place of residence and office addresses.)
Answer:
Home -- **REDACTED**

Office -- 750 17th Street, N.W.
Washington, DC 20006
5. **Date and place of birth:**
Answer:
June 25, 1942; Atlanta, Georgia
6. **Marital status:** (Include maiden name of wife or husband's name.)
Answer:
Married Demaris Guest Humphries on December 22, 1961
7. **Names and ages of children:**
Answer:
Katrina Demaris Miller, 43
John Felix Miller, 42
Sabrina Louise Miller, 40
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
Answer:
Rockdale County [GA] High School; 1956-1960; H.S. Diploma; 1960
University of Georgia; 1960-1965; B.B.A. Economics; 1965
University of Virginia; 1965-1968; Ph.D. Economics; 1969

9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)

Answer:

See Attachment B, pages 1-4.

10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above.

Answer:

See Attachment B, pages 1-4.

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Answer:

See Attachment B, pages 1-4

12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.

Answer:

See Attachment B, pages 1-4.

13. **Political affiliations and activities:**

- (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

Answer:

None; candidate for Republican nomination to U.S. Senate from Virginia, 1994 and 1996.

- (b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years.

Answer:

Consultant or Finance Chairman for spouse's (Republican) candidacy for U.S. Congress in 8th District of Virginia, 1998 and 2000. Also, member of Rappahannock County (Virginia) Republican Committee, 2001- present.

- (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more during the past 5 years.

Answer:

\$4,000 to McCain for President, 2008
 \$1,000 to Bob McDonnell for Governor, 2009
 \$500 to Bill Boling for Lt. Governor, 2009
 \$300 to Ken Cuccinelli for Attorney General, 2009
 \$1,000 to Sutton for Congress, 2009

\$100 to Blount for Senate, 2009
 \$100 to Texans for Ted Crux, 2009
 \$100 to Campbell for Governor, 2009
 \$50 to Blackwell for National Committeeman, 2012
 \$100 to Robert Hurt for Congress, 2012
 \$100 to Ken Cuccinelli for Governor, 2012
 \$1,000 to Romney Victory, Inc., 2012
 \$250 to Robert Hurt for Congress, 2012
 \$50 to Allen West for Congress, 2012
 \$100 to Sixth District Republican Committee, 2012
 \$1,000 to Ken Cuccinelli for Governor, 2013
 \$500 to Obenshain for Attorney General, 2013
 \$250 to E.W. Jackson for Lt. Governor, 2013
 \$100 to Lonegan for Senate, 2013
 \$100 to E.W. Jackson for Lt. Governor, 2013

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Answer:

Thomas Jefferson Fellowship, University of Virginia, 1965-1967
 Ford Foundation Fellowship, University of Virginia, 1967-1968
 Honorary Doctorate, Georgia State University, 1984
 Honorary Doctorate, University of the Pacific, 1987
 Honorary Doctorate, Kennesaw College, 1988

15. **Published writings:** Provide the Committee with a list and two copies of any books, articles, reports, or other published materials which you have written. These items can be provided electronically via e-mail or other digital format.

Answer:

Please see Attachment B for a list of significant publications.

Two copies of everything of relevance at that time was delivered to the committee when I was nominated for this position in 2003, and I presume the committee still retains this material, as it was not returned to me. Likewise, two copies of additional materials were delivered to the committee upon my nomination last year, which I presume the committee still retains.

Two copies of published writings since that time are being forwarded:

- "FTC action against Google would be unwise," The Hill's Congress Blog, October 5, 2012
- "The Case Against Google Was Always Weak," Wall Street Journal, January 4, 2013, A13
- "Essay on Ronald Reagan's 'A Time for Choosing'" <http://www.constitutingamerica.org/blog>, June 20, 2013
- "Causes and Implications of the Regulatory Revolution at the FTC," in James Campbell Cooper (ed.), The Regulatory Revolution at the FTC, Oxford University Press, forthcoming

16. **Speeches:**

- (a) Provide the Committee with a list and two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide a list and copies of any testimony to Congress, or to any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

Answer:

Please see answer to #15 above.

I have given numerous informal remarks over the past five years, almost all from notes or off-the-cuff. The principal prepared remarks were delivered in Postal Service stamp dedication ceremonies or in Congressional testimony, which were provided to the committee last year.

In addition, I am providing separately two copies of Congressional testimony and speech materials I was able to locate:

- "Remarks," Pinsent Masons (international law firm), London, England, November 13, 2012
- "Prepared Statement" before the Subcommittee on Domestic Monetary Policy and Technology, Committee on Financial Services, U.S. House of Representatives, Washington, DC, November 29, 2012
- "Remarks," Louisa County Tea Party, Zion Crossroads, VA, February 24, 2012
- "Why We Must and How to Downsize Government: Lessons for the U.S. to Cayman," Presentation sponsored by Cayman Financial Review, Grand Cayman, April 8, 2013
- "What Ronald Reagan Would Do," Ronald Reagan Lecture Series, Leesburg, VA, April 17, 2013
- "Remarks," Murray Weidenbaum Forum, Washington University at St. Louis, May 20, 2013

- (b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

Answer:

Please see response to #15 and (a) above.

17. **Selection:**

- (b) Do you know why you were chosen for this nomination by the President?

Answer:

I have no knowledge of the specific reasons.

- (b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

Answer:

Knowledge of, and experience in, government and business, especially experience as a Governor of the U.S. Postal Service (2003-2011), including three

years as elected chairman; and formal education. (Also, please see first few pages of Attachment B.)

B. EMPLOYMENT RELATIONSHIPS

18. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

Answer:

No, because none pose any conflict and because this is a part-time appointment.

19. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

Answer:

No specific plans, commitments, or agreements, but I expect to continue to be employed in the private sector during my time of service with the government.

20. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity?

Answer:

No plans, commitments or agreements, but see answer to #18 and #19.

21. Has anybody made a commitment to employ your services in any capacity after you leave government service?

Answer:

No, other what is implied by my answer to #18 above.

22. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Answer:

Yes.

23. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

Answer:

No.

C. POTENTIAL CONFLICTS OF INTEREST

24. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

Answer:

During the past 10 years, I have served in academic posts, with 501(c)(3) and 501(c)(4) organizations, with law firms, as a member of the boards of several companies, and as an independent consultant (see Attachment B, pages 1-4). None, to my knowledge, pose, or posed, a conflict with the position of Governor of the U.S. Postal Service. Indeed, pursuant to federal law, each year, while

serving as a Governor, my affiliations, sources of income, etc. were all examined by the Postal Service's ethics officer to assure there would be no conflicts, and before committing to any employment relationship I checked with the Postal Service's ethics office to clear such a relationship.

25. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

Answer:

a. In approximately 2004, while serving as chairman of the CapAnalysis Group, a subsidiary of Howrey, LLP, I contacted the General Counsel of the U.S. Department of Agriculture in hopes of establishing negotiations leading to a settlement of a lawsuit on behalf of American Indians who were represented by Howrey and who claimed discrimination in program grants over the years. I filed a report with Congress as a result.

b. In approximately 2004 to 2009, I served as a consultant to the National Association of Broadcasters, where I prepared studies of issues of concern to the association. On occasion, I accompanied a member of the NAB staff to the offices of Congressmen and Senators to explain my analysis and discuss its implications.

c. In 2008, I contacted both the Office of Information and Regulatory Affairs and the U.S. Department of Transportation on behalf of a client of Husch Blackwell, LLP, the law firm where I serve as Senior Advisor, in order to determine the time frame of a regulation to be promulgated by DOT and to explain why the matter was timely. Because of the de minimis nature of this activity, I did not file with Congress.

d. In 2009, as a member of the board of directors of Clean Energy Fuels, Corp., I joined a group of other directors and officers in visiting various Congressional offices to explain the advantages of using natural gas for vehicles, sometimes known as the "Pickens Plan." Again, because of the de minimis nature of this activity, I did not file with Congress.

26. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Answer:

Yes.

D. LEGAL MATTERS

27. Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint, to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

Answer:

No.

28. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

Answer:

When I ran for the Republican nomination for U.S. Senate from Virginia in 1996, just before the primary my opponent's campaign manager filed a complaint with the Federal Elections Commission. After investigation, the FEC chose not to pursue the matter.

29. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

Answer:

As a member of the board of directors of Atlantic Coast Airlines (d.b.a. United Express, Delta Connection, and Independence Air), I was aware of several routine actions by the Federal Aviation Administration.

One or more of the mutual funds on whose board I serve were the subject of a lawsuit by the Attorney General of California, alleging excessive fees. It is my understanding that all of these have been dismissed, with prejudice.

30. For responses to question 29, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

Answer:

None of these actions listed me personally.

31. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

Answer:

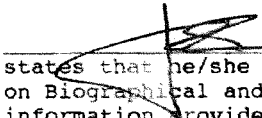
Nothing more to add.


E. FINANCIAL DATA

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

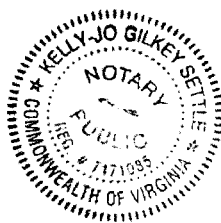
AFFIDAVIT

 James C. Miller Being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.


Subscribed and sworn before me this 22nd day
of July, 2013

Kelly-Jo Gilkey Settle

Sept. 6. 30. 2016



Notary Public

James C. Miller III

Curriculum Vitae

July, 2013

Education and Professional Activities

Degrees: Ph.D. (Economics), University of Virginia, 1969

B.B.A. (Economics), University of Georgia, 1964

Current Positions: Senior Advisor, Husch Blackwell, LLC, since June, 2006

Senior Fellow (by courtesy), Hoover Institution (Stanford University), since December 1988

Distinguished Fellow, Center for Study of Public Choice, George Mason University, since October 1988

Member, Board of Directors, Washington Mutual Investors Fund, since October 1992 (Member of Advisory Board, November 1989 - October 1992)

Member, Board Directors, The Tax Exempt Fund of Maryland, since April 2000

Member, Board of Directors, The Tax Exempt Fund of Virginia, since April 2000

Member, Board of Directors, The J.P. Morgan Value Opportunities Fund, since December 2001

Member, Board of Directors, Clean Energy Fuels, Inc., since May 2006

Member, Board of Directors, Americans for Prosperity, since February 2004

Chairman of the Executive Committee, International Tax and Investment Center, since September 2009

Previous Positions: Member, Board of Governors, U.S. Postal Service, April 2003 - December, 2011 (elected chairman 2005, 2006, and 2007)

Member, Board of Directors-Emeritus (previously Member of Board), Progress & Freedom Foundation, April 1994 - March 2010

Chairman of an Independent Commission to address the fiscal challenges of Cayman Islands Government, October 2009 - February 2010

Chairman (or Chairman Emeritus), The CapAnalysis Group (of Howrey, L.L.P.), April 2002 - January 2006

Member, Board of Directors, Independence Air (formerly Atlantic Coast Airlines d.b.a. "United Express" and "Delta Connection"), March 1995 - January 2006

Member, Board of Visitors, George Mason University, June 1998 - June 2002

Distinguished Fellow, Mercatus Center, George Mason University, August 1997 - April 2003

Director, LECG – Economics-Finance, November 2002 - April 2003

Senior Advisor, Hagler Bailly, January 2000 - November 2002.

Member, Board of Directors and/or Counselor), Citizens for a Sound Economy, January 1989 - April 2003

Member, Board of Directors, The Tax Foundation, October 1989 - April 2003

Member, Board of Visitors, U.S. Air Force Academy, November 1988 - November 1990.

Director, U.S. Office of Management and Budget, Member of President's Cabinet, and Member of National Security Council, October 1985 - October 1988

Vice Chairman, Administrative Conference of the United States, December 1987 - October 1988 (Member of Council, November 1981 - December 1987)

Chairman, U.S. Federal Trade Commission, September 1981 - October 1985

Administrator, Office of Information and Regulatory Affairs, U.S. Office of Management and Budget; and Executive Director, Presidential Task Force on Regulatory Relief, January 1981 - September 1981

Resident Scholar, Center for the Study of Government Regulation, The American Enterprise Institute for Public Policy Research, January 1977 - January 1988; Co-Director of the Center, March 1977 - January 1981; Member, Board of Editors, *Regulation*, July 1977 - January 1981; and Member, Board of Editorial Advisors, *The AEI Economist*, September 1977 - January 1981

Consultant, National Science Foundation, July 1977 - January 1981

Lecturer (in Economics), George Washington University, September 1971 - May 1972, September 1975 - May 1976, and September 1978 - December 1980

Assistant Director (for Government Operations and Research), U.S. Council on Wage and Price Stability, October 1975 - January 1977

Adjunct Scholar, The American Enterprise Institute for Public Policy Research, May 1975 - January 1977

Senior Staff Economist, U.S. Council of Economic Advisers, July 1974 - October 1975

Associate Professor of Economics, Texas A&M University, August 1972 - May 1974

Consultant, U.S. Department of Transportation, March 1972 - July 1974

Consultant, National Bureau of Standards, January 1974 - June 1974

Research Associate, The American Enterprise Institute for Public Policy Research, May 1972 - July 1972

Associate Staff, The Brookings Institution, August 1972 - May 1974

Senior Staff Economist, U.S. Department of Transportation, December 1969 - February 1972

Assistant Professor of Economics, Georgia State University,
September 1968 - December 1969

Affiliations: American Economic Association

Public Choice Society

Southern Economic Association (Vice President, 1990 -1991;
Member of Executive Committee, 1980 -1982)

Selected Publications and Presentations

Books: Monopoly Politics (Stanford: Hoover Institution Press, 1999)

Fix the U.S. Budget!: Urgings of an "Abominable No-Man"
(Stanford: Hoover Institution Press, 1994)

The Economist as Reformer: Revamping the FTC, 1981-1985
(Washington: American Enterprise Institute, 1989)

The Federal Trade Commission: The Political Economy of Regulation (co-editor and contributor, with Robert J. Mackay and Bruce Yandle; Stanford: Hoover Institution Press, 1987)

Reforming Regulation (co-editor and contributor, with Timothy B. Clark and Marvin H. Koters; Washington: American Enterprise Institute, 1980)

Benefit-Cost Analyses of Social Regulation: Case Studies from the Council on Wage and Price Stability (co-editor with Bruce Yandle; Washington: American Enterprise Institute, 1979)

Perspectives on Federal Transportation Policy (editor and contributor; Washington: American Enterprise Institute, 1975)

Economic Regulation of Domestic Air Transport: Theory and Policy (with George W. Douglas; Washington: Brookings Institution, 1974)

Why the Draft?: The Case for a Volunteer Army (editor and contributor; Baltimore: Penguin Books, 1968)

- Monographs: The Economics of the Military Draft (with Ryan C. Amacher et al.; Morristown: General Learning Press, 1973)
- Transportation Legislation (published anonymously; Washington: American Enterprise Institute, 1972)
- Articles:
- "The Early Days of Reagan Regulatory Relief and Suggestions for OIRA's Future," Administrative Law Review (2011).
- "Public Choice Theory and Antitrust Policy: Comment," Public Choice (March 2010).
- "Economics and the All-Volunteer Military Force" (and with Beth J. Asch and John T. Warner), in John Siegfried, ed., Better Living Through Economics (Cambridge: Harvard University Press, 2010)
- "An Event Analysis Study of the Economic Implications of the FCC's UNE Decision: Backdrop for Current Network Sharing Proposals" (with Jeffrey A. Eisenach and Paul S. Lowengrub), 17 Commonlaw Conspectus 33 (2008)
- "Monopoly Politics and Its Unsurprising Effects," in Roger Koppl, ed., Money and Markets : Essays in Honor of Leland B. Yeager (London : Routledge, 2006)
- "The Tyranny of Budget Forecasts" (with J.D. Foster), Journal of Economic Perspectives (Summer 2000)
- "Incumbents' Advantage," George Mason University, Working Papers in Economics (December, 1997)
- "Suggestions for a Leaner, Meaner Budget," Jobs & Capital (Spring 1995)
- "Budget Process and Spending Growth" (with Mark Crain), William and Mary Law Review (Spring 1990)
- "Independent Agencies -- Independent from Whom?," Administrative Law Review (Fall 1989)
- "A Reflection on the Independence of Independent Agencies," Duke Law Journal (1988)
- "It's Time to Free the Mails," Cato Journal (Spring/Summer 1988)

"Spending and Deficits" (with an introduction by Robert D. Tollison), G. Warren Nutter Lecture in Political Economy, The American Enterprise Institute for Public Policy Research, 1987; reprinted in Thomas Jefferson Center Foundation, Ideas, Their Origins, and Their Consequences (Washington: American Enterprise Institute, 1988)

"Predation: The Changing View in Economics and the Law" (with Paul Pautler), Journal of Law and Economics (May 1985)

"Comments on Baumol and Ordover," Journal of Law and Economics (May 1985)

"Industrial Policy: Reindustrialization through Competition or Coordinated Action?" (with Thomas F. Walton, William E. Kovacic, and Jeremy A. Rabkin), Yale Journal on Regulation (1984)

"The Case Against Industrial Policy," Cato Journal (Fall 1984)

"Report from Official Washington," Antitrust Law Journal (1984)

"Reindustrialization Policy: Atari Mercantilism?," in Richard B. McKenzie (ed.), Plant Closings: Public or Private Choice? (revised edition; Washington: CATO Institute, 1984)

"Resale Price Maintenance: An Analytical Framework," Regulation (January/February 1984)

"Is Organized Labor Rational in Supporting OSHA?," Southern Economic Journal (January 1984)

"A Note on Centralized Regulatory Review" (with William F. Shughart II and Robert D. Tollison), Public Choice (January 1984)

"Comparative Data on Life-Threatening Risks," Toxic Substances Journal (Summer 1983)

"Report from Official Washington," Antitrust Law Journal (1983)

"Occupational Exposure to Acrylonitrile: A Benefit/Cost Analysis," Toxic Substances Journal (Winter, 1982/1983)

"Report from Official Washington," Antitrust Law Journal (1982)

"Regulatory Relief under President Reagan," Jurimetric Journal (Summer 1982)

"The (Nader-) Green-Waitzman Report," Toxic Substances Journal (Winter 1980/1981)

"Has the 1970 Act Been Fair to Mailers?" (with Roger Sherman), in Roger Sherman (ed.), Perspectives on Postal Service Issues (Washington: American Enterprise Institute, 1980)

"Collective Ratemaking Reconsidered: A Rebuttal," Transportation Law Journal (1980)

"Regulation and the Prospect of Reform," in Charles F. Phillips, Jr. (ed.), Regulation, Competition and Deregulation -- an Economic Grab Bag (Lexington: Washington and Lee University, 1979)

"Airline Market Shares vs. Capacity Shares and the Possibility of Short-Run Loss Equilibria," Research in Law and Economics (1979)

"An Economic Analysis of Airline Fare Deregulation: The Civil Aeronautics Board's Proposal," Transportation Law Journal (1978)

"Regulators and Experts: A Modest Proposal," Regulation (November/December 1977)

"Regulatory Reform: Some Problems and Approaches," American Enterprise Institute Reprint No. 72 (August 1977)

"Lessons of the Economic Impact Statement Program," Regulation (July/August 1977)

"The New 'Social Regulation'" (with William Lilley III), Public Interest (Spring 1977); reprinted extensively

"Effects of the Administration's Proposed Aviation Act of 1975 on Air Carrier Finances," Transportation Journal (Spring 1976); reprinted in Paul W. MacAvoy and John W. Snow (eds.), Regulation of Passenger Fares and Competition Among the Airlines (Washington: American Enterprise Institute, 1977)

"Environmental Protection: The Need to Consider Costs and Benefits" (with Robert L. Greene), Highway Users Quarterly (1976)

"A Perspective on Airline Regulatory Reform," Journal of Air Law and Commerce (Autumn 1975)

"Rates of Publication Per Faculty Member in Forty-five 'Rated' Economics Departments" (with Robert D. Tollison), Economic Inquiry (March 1975)

"Government Regulation" (principal author), Chapter 5 in Economic Report of the President, 1975

"Quality Competition, Industry Equilibrium, and Efficiency in the Price-Constrained Airline Market" (with George W. Douglas), American Economic Review (September 1974)

"The CAB's Domestic Passenger Fare Investigation" (with George W. Douglas), Bell Journal of Economics and Management Science (Spring, 1974); reprinted by the Brookings Institution (Technical Series Reprint T-008)

"The Optimal Pricing of Freight in Combination Aircraft," Journal of Transport Economics and Policy (September 1973)

"A Time of Day Model for Aircraft Scheduling," Transportation Science (August 1972)

"Marginal Revenue and Pigouvian Second Degree Price Discrimination" (with Richard A. Bilas and Fred A. Massey), Metroeconomica (August 1971)

"The Implicit Tax on Reluctant Military Recruits" (with Robert D. Tollison), Social Science Quarterly (March 1971)

"A Note on Profits, Entry, and Scale of Plant in the Purely Competitive Model," Revista Internazionale de Scienze Economiche e Commerciali (February 1971)

"Pigou's Three Degrees of Price Discrimination" (with Richard A. Bilas), Revista Internazionale de Scienze Economiche e Commerciali (February 1971)

"A Program for Direct and Proxy Voting in the Legislative Process," Public Choice (Fall 1969); reprinted in Ryan C. Amacher, Robert D. Tollison, and Thomas D. Willett (eds.), The Economic Approach to Public Policy: Selected Readings (Ithaca: Cornell University Press, 1976)

"Short-run Solutions to Airport Congestion," Atlanta Economic Review (October 1969); reprinted in Campbell R. McConnell (ed.),

Economic Issues: A Book of Readings (4th ed.; McGraw-Hill Book Company, 1972)

"A Paradox on Profits and Factor Prices: Comment," American Economic Review (September 1968)

"Marginal Criteria and Draft Deferment Policy" (with Robert D. Tollison and Thomas D. Willett), Quarterly Review of Economics and Business (Summer 1968)

"An Army of Volunteers," Forensic Quarterly (May 1968)

"An Aircraft Routing Model for the Airline Firm," American Economist (Spring 1968)

"A Critique of Joan Robinson's Economic Philosophy," Western Politics (Autumn 1967)

Presentations
before
Regulatory
Agencies:

Co-authorship of and responsibility for approximately 60 Council on Wage and Price Stability filings and/or testimony before U.S. Government agencies, including the U.S. Departments of Agriculture, Commerce, Health, Education and Welfare, Housing and Urban Development, Interior, and Transportation; the Civil Aeronautics Board, the Coast Guard, the Consumer Product Safety Commission, the Environmental Protection Agency, the Federal Aviation Administration, the Federal Deposit Insurance Corporation, the Federal Energy Administration, the Federal Power Commission, the Federal Reserve Board, the Federal Trade Commission, the Food and Drug Administration, the International Trade Commission, the Interstate Commerce Commission, the National Highway Traffic Safety Commission, the Occupational Safety and Health Administration, the Postal Rate Commission, and the Securities and Exchange Commission (October 1975 January 1977)

Other testimony before the Department of Energy, the Civil Aeronautics Board, the Interstate Commerce Commission, the Postal Rate Commission, the National Commission for the Review of Antitrust Laws and Procedures, and the California and Pennsylvania public utilities commissions (1970-1979)

Presentations
before
Committees
of the

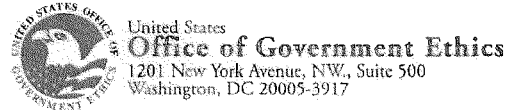
U.S. House of Representatives Committee on Appropriations;
U.S. House of Representatives Committee on the Budget;
U.S. House of Representatives Committee on the Judiciary;
U.S. House of Representatives Committee on Public Works and

U.S. House of Representatives:	Transportation; U.S. House of Representatives Republican Study Committee; U.S. House of Representatives Rules Committee; U.S. House of Representatives Subcommittee on Administrative Law & Governmental Relations, Committee on the Judiciary; U.S. House of Representatives Subcommittee on Aviation, Committee on Public Works and Transportation; U.S. House of Representatives Subcommittee on Commerce, Consumer and Monetary Affairs, Committee on Government Operations; U.S. House of Representatives Subcommittee on Commerce, Justice, State, the Judiciary and Related Agencies, Committee on Appropriations; U.S. House of Representatives Subcommittee on Commerce, Transportation and Tourism, Committee on Energy & Commerce; U.S. House of Representatives Subcommittee on Consumer Protection and Finance, Committee on Oversight and Investigations; U.S. House of Representatives Subcommittee on Economic Stabilization, Committee on Banking, Finance and Urban Affairs; U.S. House of Representatives Subcommittee on Legislation and National Security, Committee on Government Operations; U.S. House of Representatives Subcommittee on Monopolies & Commercial Law, Committee on Judiciary; U.S. House of Representatives Subcommittee on Oversight and Investigations, Committee on Energy and Commerce; U.S. House of Representatives Subcommittee on Science, Research and Technology, Committee on Science and Technology; U.S. House of Representatives Subcommittee on Small Business Problems, Committee on Small Business; U.S. House of Representatives Subcommittee on Transportation and Commerce, Committee on Interstate and Foreign Commerce; and U.S. House of Representatives Subcommittee on Treasury, Postal Service and General Government Appropriations
Presentations before Committees of the U.S. Senate:	U.S. Senate Committee on Appropriations; U.S. Senate Committee on the Budget; U.S. Senate Committee on Commerce, Science, and Transportation; U.S. Senate Subcommittee on the Constitution, Committee on the Judiciary; U.S. Senate Committee on Governmental Affairs; U.S. Senate Committee on the Judiciary; U.S. Senate Committee on Small Business; U.S. Senate Subcommittee on Administrative Practice and Procedure, Committee on the Judiciary; U.S. Senate Subcommittee on Antitrust and Monopoly, Committee on the Judiciary; U.S. Senate Subcommittee on Alcoholism and Drug Abuse, Committee on Labor and Human Resources; U.S. Senate Subcommittee on Aviation, Committee on Commerce, Science and Transportation; U.S. Senate Subcommittee on Commerce, Justice, State and Judiciary, Committee on Appropriations; U.S. Senate

Subcommittee on Consumer, Committee on Commerce, Science and Transportation; U.S. Senate Subcommittee on Federal Expenditures, Research and Rules, Committee on Government Affairs; U.S. Senate Subcommittee on Intergovernmental Relations, Committee on Governmental Affairs; U.S. Senate Subcommittee on Productivity and Competition, Committee on Small Business; U.S. Senate Subcommittee on Regulatory Reform, Committee on the Judiciary; U.S. Senate Subcommittee on Treasury, Postal Service, and General Government Appropriations; and U.S. Senate Special Committee on Aging

Presentations before Joint Congressional Committees:	U.S. Joint Economic Comm. Subcommittee on Economic Goals and Intergovernmental Policy, U.S. Joint Economic Committee; Subcommittee on Trade, Productivity and Economic Growth, U.S. Joint Economic Committee; Congressional Grace Caucus; and Motor Carrier Ratemaking Study Commission
Expert Reports:	Various

REDACTED



JUN - 3 2013

The Honorable Thomas R. Carper
 Chairman
 Committee on Homeland Security
 and Governmental Affairs
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

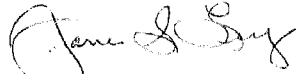
Therefore, I am forwarding a copy of the financial disclosure report of James C. Miller III, who has been nominated by President Obama for the position of a Governor on the Board of Governors, United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

The Honorable Thomas R. Carper
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jane S. Ley".

Jane S. Ley
Deputy Director

Enclosures

REDACTED

James C. Miller III

June 7, 2013

Helen R. Grant, Esq.
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Ms. Grant:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter in which I know that I have a financial interest or in which I know that a person whose interests are imputed to me has a financial interest, if the particular matter has a direct and predictable effect on that interest, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will continue to serve as a senior advisor with the law firm of Husch Blackwell, LLP (Husch Blackwell). In my role as Governor, I will not participate personally and substantially in any particular matter in which I know Husch Blackwell has a financial interest, if the particular matter has a direct and predictable effect on the financial interests of Husch Blackwell, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I also will not participate personally and substantially in any particular matter involving specific parties in which I know that a client or former client of mine is a party or represents a party, for a period of one year after I last provided service to that client, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I served as a consultant to Google, Inc. from January 2012 until March 2013. In my role as Governor, I will not participate personally and substantially in any particular matter involving specific parties in which I know that Google, Inc., is a party or represents a party, for a period of one year after I last served as a consultant, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I served as a consultant to Crane & Co from February 2012 until November 2012. In my role as Governor, I will not participate personally and substantially in any particular matter involving specific parties in which I know that Crane & Co. is a party or represents a party, for a period of one year after I last served as a consultant, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I will serve as a Board Member for the J.P. Morgan Value Opportunities Fund until September 13, 2013. In my role as Governor, I will not participate personally and substantially in any particular matter in which I know the J.P. Morgan Value Opportunities Fund has a financial interest, if the particular matter has a direct and predictable effect on the financial interests of the J.P. Morgan Value Opportunities Fund, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2), prior to September 13, 2013. Thereafter, I will not participate personally and substantially in any particular matter involving specific parties in which I know that J.P. Morgan Value Opportunities Fund is a party or represents a party, for a period of one year after I last served as a Board Member, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I will retain my position as a Board Member for the Clean Energy Fuels Corp. (CLNE). I own stock and vested and unvested stock options in CLNE. I will not participate personally and substantially in any particular matter in which I know CLNE has a financial interest, if the particular matter has a direct and predictable effect on the financial interests of CLNE, unless I first obtain a written waiver pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I will retain the following unpaid Trustee positions with the following entities: James C. Miller III Trust, Demaris H. Miller Trust, J.C. Miller Jr. Trust, Annie M. Miller Family Trust and Annie M. Miller Revocable Trust. I will retain the following paid Member of the Board positions with the following entities: Washington Mutual Investors Fund, Tax-Exempt Fund of Virginia, and Tax-Exempt Fund of Maryland. I will retain my paid position as Chairman of the Executive Committee, International Tax & Investment Center. I also will retain my unpaid positions with the following entities: Member of the Board, JetLimo.com; and Member of the Board, Americans for Prosperity. I will not participate personally and substantially in any particular matter in which I know that any of these organizations or trusts has a financial interest, if the particular matter has a direct and predictable effect

on that interest, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1) or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I also will retain my unpaid positions with the following entities: Senior Fellow, Hoover Institution at Stanford University; Senior Fellow, Center for Study of Public Choice at George Mason University; and Special Advisor, Navigant Economics. In my role as Governor, I will not participate personally and substantially in any particular matter involving specific parties in which I know that Stanford University, George Mason University, or Navigant Economics, is a party or represents a party, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1) and 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2) and 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Federal Express, United Parcel Service, DHL, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Federal Express, United Parcel Service, DHL, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely yours,

A handwritten signature in black ink, appearing to be "JCM", written over a horizontal line.

James C. Miller III

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of James C. Miller III to be
Governor of the United States Postal Service**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as a Governor of the United States Postal Service ("USPS" or "Postal Service")?

Answer: I do not know specifically, inasmuch as I did not talk directly with the President. I do know that Senate Minority Leader Mitch McConnell recommended me for the post and that I underwent extensive vetting by the White House Office of Personnel and other government entities.

2. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

Answer: My education (B.B.A. and Ph.D. in economics), my experience in government (incl. Chairman of the Federal Trade Commission and Director of the Office of Management and Budget), my experience in the private sector (incl. membership on the boards of several companies and chairmanship of the audit committees and designated financial expert of some of them), and, specifically, my experience as a member of the USPS Board of Governors, including three terms as (elected) chairman of the Board and several years as chairman of the Audit and Finance Committee.

3. Were any conditions, express or implied, attached to your nomination? If so, please explain.

Answer: None, with the exception that I agreed not to be a lobbyist while serving on the Board of Governors.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

Answer: I have made no such commitments other than those made or implied in my responses to the committee.

5. If confirmed, are there any issues from which you would have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures and/or criteria that you will use to carry out such a recusal or disqualification.

Answer: Because I serve on the board of directors of Clean Energy Fuels Corporation and am an investor in the company, I will recuse myself from all Board decision making over USPS vehicles. I will also report to the USPS Ethics Officer any changes in my relationships that might pose a conflict or appearance of a conflict in order to remedy same. Finally, I will participate in the Board's annual ethics training and will provide the required financial reports.

II. Role and Responsibilities of a Governor of the United States Postal Service

6. If confirmed, what specific contributions do you hope to make during your time on the Board of Governors?

Answer: First, if confirmed I will work with my fellow Governors and with management to address the financial challenges facing the USPS – just how depends on circumstances. Second, I will maintain open communications with USPS constituents. Third, I will respond to any and all Congressional inquiries that may materialize.

7. The Postal Board of Governors (the Board) is responsible for directing the powers of the Postal Service, including its financial, accounting, and operational functions. How have your professional experiences provided you with the necessary business skills to effectively govern the Postal Service?

Answer: First, my education – B.B.A. and Ph.D. in economics (Universities of Georgia and Virginia, respectively). Second, my experience in business – I presently serve as chairman of the audit committees and designated financial expert of Washington Mutual Investors, the Tax-Exempt Fund of Maryland, the Tax-Exempt Fund of Virginia, and Clean Energy Fuels Corporation. Finally, my experience in government, which gives me an appreciation for the opportunities and limits of business applications to government enterprises such as USPS.

8. What do you see as the principal mission of the Board? What do you see as its principal responsibilities?

Answer: The Board of Governors is like a board of directors of a commercial enterprise -- serving shareholders, which in this case are Members of Congress and the President. Of course, as opposed to the ordinary commercial enterprise, USPS faces additional

requirements with respect to pricing, services, human resources, and other matters as specified in legislation and/or promulgated by its direct regulator, the Postal Regulatory Commission.

9. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

Answer: Board members are like board members of large commercial corporations – directing policy, but not its implementation. As for qualifying training and experience, please see my answers to #2 and #7 above.

10. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges? How should the Board of Governors work with postal management to address these challenges?

Answer: The main challenge is to restore USPS to financial viability while maintaining acceptable service standards. To meet this challenge the Board should insist relentlessly on further cost-cutting (within applicable law), revenue-enhancement (again within applicable law), and better marketing of its services. Also, it should work with Congress and the Administration to secure appropriate legislative reforms.

11. What do you believe should be the respective roles and functions of the Postal Service Board of Governors and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

Answer: The Board should establish policies and leave implementation to management. Of course, oversight of management's efficacy in implementing Board-set policies is also a responsibility of the Board and its committees (especially its Audit and Finance Committee).

12. The Governors are chosen to represent the public interest generally. How do you plan to interact with various stakeholders interested in postal issues and how do you think as a Governor you can effectively represent their interests?

Answer: I will speak often, but listen even more. As before, I will seek opportunities to discuss postal issues with a variety of stakeholders. In my experience, Board members are not shy about voicing their views, often punctuated with examples from stakeholders.

13. As you are aware, the Postal Accountability and Enhancement Act of 2006 requires that by the end 2015, at least four members of the Board of Governors have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

Answer: In my view, the Board should be comprised of people of different backgrounds, talents, and perspectives. Since USPS is a major business enterprise, having at least four members with business experience would be a very good thing. I'm not sure the personnel-count metric is the only one that should be applied, as there are many talented people with valuable business experience who haven't managed organizations with so many employees.

III. Policy Questions

Postal Reform and Financial Issues

14. The U.S. Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2013 with a net loss of \$5 billion. Further, the Postal Service reported a loss of \$354 million for the first quarter of FY2014 and \$1.9 billion for the second quarter.
 - a. In your view, what is the Board of Governor's role in overseeing USPS's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

Answer: The Board's role in improving USPS's financial condition is vital. Like the board of large corporation, it must think strategically, develop plans, set priorities, choose the best people to manage the organization, monitor activities (including audit), and interface with stakeholders (including "shareholders" and consumers). All of these roles must be focused like a laser on the USPS's bottom line if financial viability is to be restored.

- b. How does this differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

Answer: To the extent possible the PRC should enable USPS to undertake steps to increase its revenue and cut its costs. Specifically, the PRC could help USPS by stepping in only when it is convinced the USPS is violating (or is about to violate) applicable law. Congress and the President should enable USPS to improve its performance by granting it more freedom to compete. In the end, of course, the degree of additional flexibility afforded is something for Congress and the President, not the Board, to determine.

15. Volumes and revenues associated with letter mail and other products in the postal monopoly continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and other products outside of the postal monopoly has grown significantly in recent years.

- a. How can the Postal Service remain viable as letter mail volume declines?

Answer: Only if it is given more freedom to operate like a business. That means freedom to price, to change its menu of services, and to rationalize its logistical network. Also, it will need reform of its labor law in order to make its employees more productive and lower their costs. Restoration to fiscal stability is simply not feasible without structural reform. The old model of using the profits on first-class mail to subsidize other classes of mail and provide rigid employment security simply doesn't work anymore.

- b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

Answer: Increasingly USPS has used the Internet to communicate its services, facilitate transactions for mailers (incl. the public), and increase sales, especially package mailing. It should do more in this vein. There appears to be a need for greater information technology expertise at USPS, but I gather that recruiting such personnel has proven difficult.

- c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

Answer: First, take advantage of any new flexibility afforded by new legislation to rationalize its pricing system and delivery infrastructure. Within the current legal framework it should continue to reduce costs, making use of personnel attrition and reassignments as well as revisions in its logistical framework as far and as fast as allowed. Also, USPS can further market its services by tailoring them better to the marketplace, by training its employees to be even better service providers, and by improving its marketing not only to key customers but to anpotential customers as well. Finally, USPS should explore the development of services ancillary to its current core operations – as long as those don't compete directly with services provided by the private sector.

- d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

Answer: With respect to its core services, USPS should not be limited. Where USPS is able to develop new services ancillary to its core markets and these new services are not being provided by the private sector it should not be limited. But USPS should not market non-core services where those markets are being served by the private sector.

- e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

Answer: The Board has been intricately involved in identifying areas for cost-cutting, and appropriately so. It should continue that policy. Part of that is providing continual impetus to management for productivity improvements.

- f. What is the Board's role and responsibilities in identifying opportunities for Postal Service to increase volume?

Answer: In this area as well, the Board has been intricately involved. The prospect of public-private partnerships has been explored, and certain opportunities have been seized. But more work in this area is warranted.

16. What are your views on the "universal service obligation" and the various delivery methods currently employed to carry out this mandate (e.g., six day delivery, the overnight delivery standards)? In other words, how do you view the current service standards and delivery frequency with respect to the obligation for service to every American?

Answer: A private company engaged in distribution and sales (think groceries, fuel, even UPS and FedEx) will provide near-universal service, since it is profitable to do so. For the vast majority of customers, it is profitable for USPS to provide traditional universal service. For the rest, there is almost always a profitable way of delivering universal services, provided USPS is given some flexibility with respect to frequency and time of delivery. It would be very helpful to other postal patrons (who have to pay the bills) and only marginally inconvenience some postal patrons if such flexibility were afforded. I think USPS made a mistake in pressing for "five-day delivery." Instead, it should have asked for delivery flexibility. In most areas, six-day delivery makes sense. In some areas, five-day, or even two-day delivery makes sense. In still others, seven-day delivery makes sense. The key is for USPS to provide universal service at reasonable cost.

17. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2013 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009 after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and

restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

Answer: I have not reviewed and analyzed USPS's new business model, so my responses here are based on my experience on the Board (2003-2011) and what I have seen or heard in the media since that time. But please see the agenda I describe in my answer to question #15.

18. On February 2, this committee approved S. 1486, the Postal Reform Act. The legislation attempts to address in a comprehensive way the financial, operational, and other challenges faced by the Postal Services and highlighted by GAO. Does this bill, in your view, adequately address the problems facing the Postal Service?

Answer: S. 1486 contains a number of positive steps to enable USPS to return to financial viability. These include provisions relating to pension reform, health care, workers' compensation, and ratemaking. Certain provisions with respect to operations are helpful, while others are not (particularly the various moratoria on service changes and streamlining of the distribution system). Whether the provisions of S. 1486 would be sufficient to restore USPS to financial viability I cannot say, since I do not have access to current USPS forecasts and other relevant information.

19. In order to ensure the future financial viability of the Postal Service, the Postal Service needs to address its healthcare costs and future healthcare liabilities. To help achieve this goal, S. 1486 creates a new postal-only health program within the Federal Employee Health Benefits Program that would require Medicare-eligible postal annuitants to enroll in Medicare as a condition of their enrollment and provide postal annuitants with prescription drugs through a Medicare Part D Employee Group Waiver Plan (EGWP). This is in line with the current practices of other businesses that provide health coverage to their annuitants and will provide the Postal Service with significant savings. Do you believe it is appropriate to require Medicare-eligible postal annuitants to participate in Medicare?

Answer: Yes.

20. There are differences of opinion about the privatization of the Postal Service. What are your views on privatization?

Answer: As you may know, while in the Reagan Administration I called for privatization of USPS. In retrospect, I believe that had this been accomplished at that time, USPS would have served the country well and now would not be facing a financial crisis. (This view is buttressed by the experiences of many countries all over the world where postal operations have been privatized.) In the current climate, however, privatization would be very difficult

and would not constitute a priority for me. First, there is little sentiment for it in Congress or the Administration. And second, unless and until current restraints on services, pricing, and other facets of operations are removed there would be no market for USPS as a going concern (think of an IPO for USPS – there would be no offers).

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other capital investments it needs to make in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

Answer: First, for the reason set forth in my answer to #5 above, I respectfully decline to comment on investments in vehicles. As for the rest, frankly I would have to review data to which I do not have access. In any event, determining capital investments is a key role for the Board.

Postal Rates and New Products

22. One of the core principles of the Postal Accountability and Enhancement Act, which was enacted into law in 2006, was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing. In recent years, however, the restrictions on Postal Service pricing created by the rate cap have played a role in preventing the Postal Service from generating sufficient revenue to cover its costs.

- a. What is your opinion of the inflation-based rate cap as an approach to regulating postal rates?

Answer: The rate cap should be liberalized or eliminated entirely. At present, it not only prevents USPS from generating sufficient revenues, but prevents appropriate changes in the rate structure (to more closely correspond to the structure of costs).

- b. What role should the Postal Regulatory Commission (PRC) play in studying and/or approving Postal Service pricing decisions?

Answer: I'm tempted to say the less the better. But as long as USPS has a monopoly on the delivery of letter mail, there is a role for a regulator. Moreover, the PRC produces innovative, informative research. But the current rate-approval process, which involves delay and uncertainty, constrains USPS innovations and service offerings – a matter addressed in S. 1486.

23. With appropriate safeguards, S. 1486 would expand a provision in current law regarding the ability of the Postal Service to offer non-postal products.

- a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

Answer: Please see my response to #15.c and #15.d.

- b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

Answer: Reliance on the provision of non-postal products to increase revenue should be minimal, at least in the short run. While USPS might be able to increase revenue by entering non-postal competitive markets, the additional costs likely would be more than offsetting. Instead, USPS should explore opportunities for ancillary services not provided by the private sector that, over time, could be very beneficial to USPS's bottom line. (Please see also answer to #24 below.)

- c. How would you ensure the Postal Services does not unfairly compete with the private sector in selling non-postal products?

Answer: By limiting its ability to enter non-postal markets that are being served by the private sector – and by having a Board willing to say “no” to any such proposals.

24. How can the Postal Service better take advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

Answer: Better tracking of mail and packages via the Internet, more convenient locations for the purchase of stamps, weighing, pickup, and drop-off of packages as well as envelopes, experimentation with customer-selected menus of accepted vs. rejected classes of mail (as in Switzerland), greater use of USPS end-user data to offer customers more targeted mailings, better integration of USPS end-user data with the needs of first responders, a more inviting environment for vendors which come up with good ideas and wish to make USPS their partner in serving clients, promotion of more rewards and recognitions to those employees who go out of their way to serve the public, and so on....

Facility Closings and Service Changes

25. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

Answer: The Board should determine whether major realignments of postal installations are appropriate and if so should approve the principles and general framework for accomplishing the task. But, as a general rule, the Board should not be involved in the execution of such a plan (though oversight of its implementation would be an on-going responsibility).

26. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

Answer: Board members should insist there be a program of thorough, two-way communication with customers and employees about any and all contemplated changes in USPS infrastructure. As appropriate, they should personally participate in the process and in any event should receive timely reports on challenges and results from USPS management.

27. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

Answer: Yes, it should. With changing technology and work habits, it is only natural that the demand for Postal services will continue to move in that direction. USPS should take every opportunity to stay "ahead of the curve" in providing even more accessible Internet transactions and utilization of commercial enterprises to accomplish its mission.

28. In recent years, the Postal Service has proposed both the elimination of Saturday delivery of some classes of mail as well as changes to the overnight service standard.

- a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail to lower certain service standards?

Answer: Please see answer to #16 above.

- b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm rural customers and are consistent with the Postal Service's universal service obligation?

Answer: Two-way communication is the key – from consumers as well as to them. This is an area where focus groups could be very useful in finding out the concerns of rural customers and how their needs might be met and protected while allowing USPS to make changes where justified.

Workforce-Related Issues

29. The Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. Does the Postal Service have sufficient flexibility to adjust its workforce to changes in mail volume? If not, what additional flexibility is needed?

Answer: USPS has some latitude with respect to adjustments in its labor force, but is restricted by the rate of attrition of its employees, by the “no-layoffs” provisions of its labor agreements, and by various Congressional restrictions on its restructuring. It is important that the latter two matters be addressed.

30. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

Answer: From reports, this will be a challenge of increasing proportions in the next decade. The Board should consider and have management implement a human resources plan that is geared to an efficient USPS. Ad hoc “early out” offers designed to meet targeted savings should be avoided.

31. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Service’s performance-based compensation systems? Do you have an opinion about performance-based compensation?

Answer: Performance-based compensation is wonderful in theory. The challenge is making it work in practice, and you identify the problem: metrics. The Board should learn from its experience with the system, using feedback from participants and analysis of impacts to guide appropriate adjustments. Also, the Board should investigate more what metrics other enterprises have concluded make the most sense.

32. The Postal Service is subject to Occupational Safety and Health Act workplace safety laws in the same manner as private-sector employers. How can the Board help ensure compliance with applicable workplace safety laws and encourage efforts to improve safety and reduce costs associated with workplace injuries?

Answer: The Board's Audit and Finance Committee receives reports on workplace safety on a regular basis, and the full Board does as well, although not as frequently. At both levels, the Board has stressed the importance of increased safety – not only as a financial matter, but one of compassion for its employees and their families. As I was leaving the Board in 2011, USPS's program in this regard was realizing some improvement, as incidents per employee were on a downward trend. I don't know what has transpired in the interim.

33. S. 1486 would require the Postal Service in the coming years to begin paying down its long-term workers compensation obligation. Do you agree with this approach in S. 1486?

Answer: Yes, so long as the schedule of payments is actuarially sound.

34. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

Answer: USPS should have a new labor law that gets away from the sword of compulsory arbitration. Both labor and management should have more freedom to maneuver. USPS is in a competitive environment, and its labor law needs to reflect that.

35. What is the Board's role in ensuring effective cooperation between postal management and Postal Service labor unions?

Answer: The Board should insist on more communication between USPS management and members of the craft unions, as well as with their leaders. Those on each side should be led to understand the others' perspectives, and the goal should be for all involved to become more aware that "we're all in the same boat."

Mail Safety and Security

36. What is your opinion of the Postal Service's current programs to manage risks posed by suspicious mail to enhance the safety and security of the mail?

Answer: They are very good, but it would be worthwhile to explore how they might be made better without unduly delaying the mail.

37. What are the tradeoffs that should be considered to determine what actions the Postal Service should take to enhance the safety and security of the mail – for example, in terms of potential impacts on postal operations and service delivery?

Answer: It is, as you imply, a trade-off. There is always the danger of a calamity, but to lower that prospect to zero would bring mail processing and distribution to a halt. Perhaps the best that can be said is that USPS should review tirelessly its procedures to see where they could be improved. A formal presentation to the Board and discussion would be of help in this endeavor.

38. What is your opinion about increasing the use of cluster boxes to improve security of the mail? Generally, what do you believe the Postal Service should do to ensure that businesses and residential customers use cluster boxes to an appropriate extent?

Answer: As I recollect, the principal rationale for cluster boxes is to reduce delivery costs. In this, there is, of course, the question of benefiting those “grandfathered in” as opposed to new users. Getting users accustomed to direct delivery instead to use cluster boxes and mollifying new users required to use cluster boxes will not be easy. Effective communications about the advantages of cluster boxes (timeliness, certainty, etc.) would likely persuade many.

39. What steps should the Postal Service take to maintain trust and credibility with its employees and customers that the mail is safe? How can the Postal Service improve its response to hazardous incidents to ensure that appropriate safety procedures are understood and followed by all employees?

Answer: USPS should work on several fronts: educate its employees and the mailing public about risks, how to detect hazards, and how to avoid and/or eliminate them. USPS should reinforce its safety messages to employees (internal communications) and to consumers (e.g., notices in post offices and direct mailings on occasion).

IV. Relations with Congress

40. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Answer: Yes.

41. Do you agree, without reservation, to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Answer: Yes.

V. Assistance

42. Are these answers your own? Have you consulted with the Postal Board of Governors or any interested parties? If so, please indicate which entities.

Answer: These answers are my own. I have consulted with no one about them.

I, James C. Miller III, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

(Signature)

This 6th day of July, 2014

Senator Tom A. Coburn
Additional Questions for the Record (QFRs)
Nomination of James C. Miller, III to be a Governor, U.S. Postal Service
July 15, 2014

1. This Committee has formulated legislation to help restore the Postal Service to financial viability.

- a. Do you support this legislation?

Yes.

- b. The bill gives more authority to the Governors to direct the activities of the Postal Service. Do you think it is important that the Board of Governors be allowed to make business decisions vital to the future of the Postal Service?

Yes, I do.

- c. With authority comes responsibility. In particular, the Governors have to make hard-headed business decisions. Why do you think you are prepared to make the kinds of hard decisions needed to save the Postal Service?

Because I have done so in the past, especially in my roles as members of the boards of directors of numerous corporations, as chairman of the Federal Trade Commission, as Director of OMB, and, of course, as a member of the USPS Board of Governors and for three years its elected chairman.

- d. How has your professional background prepared you to take on this job?

My education (B.B.A. and PH.D. in economics), my experience on the boards of directors of many companies, including being chairman of the audit committees and designated financial expert of four currently, and my experience in government (including Administrator of the Office of Information and Regulatory Affairs, chairman of the FTC, and director of OMB).

2. The Postal Service is supposed to be self-financing like a business, yet is still part of the federal government.

Nomination of James C. Miller, III, to be a Governor, U.S. Postal Service, July 15, 2014
QFRs – Sen. Tom Coburn

- a. In what ways should the Postal Service operate like a business, and in what ways should it operate like a government agency?

The Postal Service should operate like a business if it is not to burden taxpayers. To regain its financial footing, USPS must have, and exercise, more flexibility with respect to pricing, introduction of new, innovative services, rationalizing its logistical framework, better matching services provided with consumer demands, and controlling costs. Of course, though an enterprise, USPS is mandated to answer to more than just the "bottom line," and with respect to governance, USPS "shareholders" are Members of Congress, and its "board of directors" is the USPS Board of Governors, whose members are appointed by the President, with the advice and consent of the Senate.

- b. Do you think the current balance today tilts too far in either direction?

Yes, today's USPS is too much a government agency and not enough a business enterprise.

- 3. The Postal Service is currently losing money every year, leaving it unable to pay its debts and, if left unaddressed, may leave it insolvent.

- a. What kinds of cost-cutting measures do you think are necessary to save the Postal Service?

It should rationalize its logistical network, tighten controls over procurement, streamline administration, negotiate better, more flexible, and lower-cost relations with its craft unions, sell surplus properties, bring the structure of prices more in line with the structure of costs, and obtain more actuarially-sound payment schedules for meeting retiree's health and other liabilities.

- b. What kinds of legal or regulatory restrictions do you think impede the Postal Service from cutting costs as much as it should?

Legislative bars on the consolidation of processing facilities, on the closing of outdated and/or unneeded postal installations, on making adjustments in delivery frequency, on the sale of properties (or more particularly the prohibitively expensive process that must be followed in doing so), plus certain provisions of applicable labor law relating to contract negotiations, workers'

Nomination of James C. Miller, III, to be a Governor, U.S. Postal Service, July 15, 2014
QFRs – Sen. Tom Coburn

compensation, and EEOC class actions, payment schedules for retiree's health costs, and suchlike. Finally, several procedural restraints and occasional conditions imposed by the Postal Regulatory Commission which unduly raise USPS costs.

Senator Mark Begich
Additional Questions for the Record
Nomination of James C. Miller, III to be a Governor, U.S. Postal Service
July 15, 2014

1. What role do you see for the Bypass Mail program in continuing to provide rural Alaskans with universal service?

I have no opinion on the Alaska Bypass Mail program at present. I am aware, of course, that in 2011 the USPS Office of Inspector General completed a report on the Bypass Mail program and that you and other members of the Alaska delegation wrote the Inspector General and that he, in turn, responded to the points you raised in your communication. But I have not had a chance to read, review, and digest the report and discuss it with interested parties.

2. Are you supportive of the Bypass Mail program and its mission?

I support providing universal postal services to Alaska's citizens, just as I do for other U.S. citizens. From what I have garnered from a reading of the exchange of letters, the Bypass Mail program may be a less costly way of providing traditional mail (letters, packages) to Alaska residents than the alternatives. But there may be other dimensions of the program to ponder, such as services/prices not afforded other U.S. citizens.

3. What, if any, changes do you think should be made to the Bypass Mail program?

Please see my answer to #1 above.

BIOGRAPHICAL AND FINANCIAL INFORMATION REQUESTED OF NOMINEES

A. BIOGRAPHICAL INFORMATION

1. **Name:** (Include any former names used.) Stephen Crawford
2. **Position to which nominated:** Governor, United States Postal Service Board of Governors
3. **Date of nomination:** June 7, 2012
4. **Address:** (List current place of residence and office addresses.)
 Home: REDACTED
 Office: George Washington Institute of Public Policy
 805 21st Street, NW Suite 625, Washington, DC 20052
5. **Date and place of birth:** 11/22/1942 in Doylestown, PA
6. **Marital status:** (Include maiden name of wife or husband's name.)
 Married to Liliane Pasquale Floge
7. **Names and ages of children:**
 REDACTED
8. **Education:** List secondary and higher education institutions, dates attended, degree received and date degree granted.
 Choate School, Wallingford, CT, 1957-60, high school degree, 1960
 Cornell University, Ithaca, NY, 1960-64, BA, 1964
 Wharton Business School, U. of Pennsylvania, 1967-69, MGA, 1971
 Columbia University, 1971-1977, Ph.D., 1985
9. **Employment record:** List all jobs held since college, and any relevant or significant jobs held prior to that time, including the title or description of job, name of employer, location of work, and dates of employment. (Please use separate attachment, if necessary.)
 Please see attached.
10. **Government experience:** List any advisory, consultative, honorary or other part-time service or positions with federal, State, or local governments, other than those listed above
 Consultant, Commission on Maine's Future, 1988

Member, Frederick County Substance Abuse Advisory Council, mid-1990s
 Major, Maryland Defense Force (official state militia), 1995-2000
 Member, Frederick Community College Community Advisory Council, late 1990s
 Member, Frederick County Board of Education, 2000-2002

11. **Business relationships:** List all positions currently or formerly held as an officer, director, trustee, partner, proprietor, agent, representative, or consultant of any corporation, company, firm, partnership, or other business enterprise, educational or other institution.

Consultant, Maine chapter, National Society for Multiple Sclerosis, 1980s (not sure year)
 Member, Board of Directors, Frederick County (MD) chpt of American Red Cross, 1990s
 President, Crawford and Associates, 1995-97
 Member, Frederick County Chamber of Commerce, mid-late 1990s
 Consultant, Brookings Institution, 2009
 Consultant, Corporation for Enterprise Development (CFED), 2010-11

12. **Memberships:** List all memberships, affiliations, or and offices currently or formerly held in professional, business, fraternal, scholarly, civic, public, charitable or other organizations.

Sigma Phi (fraternity at Cornell University), 1961-64
 Veterans of Foreign Wars, 1994-present (lifetime member)
 American Legion, 1994-98 (estimate)
 Vietnam Veterans of America, 1994-98 (estimate)
 Carroll Creek Rotary Club, 1995-2002
 American Sociological Association, 1975-present (estimate)
 Eastern Sociological Association 1980-94 (estimate)
 Social Science History Association, 1980-88 (estimate)
 The Tocqueville Society, 1976-90 (estimate)
 Council for European Studies (Columbia University), 1978-90 (estimate)
 Center for European Studies (Harvard University), 1982-90 (estimate)
 National Society of Fund Raising Executives, 1988-94 (estimate)
 American Society of Association Executives, 1988-96 (estimate)
 National Association of Workforce Development Professionals, 2009-11
 Association for Public Policy Analysis and Management, 2003-06, 2009-10 (estimate)
 Sloan Community Indicators/Government Performance Consortium, 2008-09

13. **Political affiliations and activities:**

- (a) List all offices with a political party which you have held or any public office for which you have been a candidate.

President, United Democrats of Frederick County, 1998-99
 Candidate (Democrat) for Congress in MD's 6th CD in 1994 & 1996; nominee in 1996

- (b) List all memberships and offices held in and services rendered to any political party or election committee during the last 10 years.

Member, Obama-Biden Transition Team, 2008-09

- (c) Itemize all political contributions to any individual, campaign organization, political party, political action committee, or similar entity of \$50 or more during the past 5 years.

Please see attached.

14. **Honors and awards:** List all scholarships, fellowships, honorary degrees, honorary society memberships, military medals and any other special recognitions for outstanding service or achievements.

Bronze Star
 Cross of Gallantry with Gold Star (Republic of Vietnam's equivalent of Silver Star)
 Combat Infantryman's Badge
 Public Finance Fellowship, Wharton Business School, University of Pennsylvania
 President's Fellowship, Columbia University
 Inter-University Consortium for Political Research Summer Fellowship
 Council for European Studies Pre-dissertation Fellowship
 Distinction, Ph.D. comprehensive examination, Columbia University
 National Endowment for the Humanities Summer Stipend
 Fulbright/Hayes Group Study Abroad Award
 Fulbright Research Award for research in France & England
 Nonresident Senior Fellow, Brookings Institution

15. **Published writings:** Provide the Committee with a list and two copies of any books, articles, reports, or other published materials which you have written. These items can be provided electronically via e-mail or other digital format.

Please see attached.

16. **Speeches:**

- (a) Provide the Committee with a list and two copies of any formal speeches you have delivered during the last 5 years which you have copies of and are on topics relevant to the position for which you have been nominated. Provide a list and copies of any testimony to Congress, or to any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

Please see attached.

- (b) Provide a list of all speeches and testimony you have delivered in the past 10 years, except for those the text of which you are providing to the Committee. Please provide a short description of the speech or testimony, its date of delivery, and the audience to whom you delivered it.

Please see attached.

17. **Selection:**

- (a) Do you know why you were chosen for this nomination by the President?

I believe that I was chosen for some or all of the following reasons: 1) I served on the Obama transition team as the agency review team leader for the Postal Service and PRC; 2) I subsequently wrote a paper for the Postal Service on a new business model; 3) representatives of both the mail industry and the postal unions submitted letters recommending me for a BOG appointment; 4) I have relevant expertise on business innovation; and 5) I have broad experience as a manager, policy analyst and board member at universities, think tanks and in government.

- (b) What do you believe in your background or employment experience affirmatively qualifies you for this particular appointment?

All the above, but especially my past work on innovation, my knowledge of postal issues and players, my experience working with unions and management (at the Governor's Workforce Investment Board, the National Policy Association, and as a school board member), and my reputation for fairness and independence.

B. EMPLOYMENT RELATIONSHIPS

18. Will you sever all connections with your present employers, business firms, business associations or business organizations if you are confirmed by the Senate?

No. Since this appointment is a part-time one to a Board, I plan to continue my working as a part-time Research Professor at George Washington University.

19. Do you have any plans, commitments or agreements to pursue outside employment, with or without compensation, during your service with the government? If so, explain.

My only plans are to continue my current arrangement with GWU, as explained in (18).

20. Do you have any plans, commitments or agreements after completing government service to resume employment, affiliation or practice with your previous employer, business firm, association or organization, or to start employment with any other entity?

No

21. Has anybody made a commitment to employ your services in any capacity after you leave government service?

No

22. If confirmed, do you expect to serve out your full term or until the next Presidential election, whichever is applicable?

Yes

23. Have you ever been asked by an employer to leave a job or otherwise left a job on a non-voluntary basis? If so, please explain.

Yes. I left Brookings – and was not replaced -- after the Vice President and I mutually agreed that his experiment in having a second deputy was not working well enough to justify the expense at a time when program revenues were declining. At CFED too, the organization faced tremendous budgetary challenges, and the President who hired me determined that I was not raising enough money for them to financially sustain my position.

C. POTENTIAL CONFLICTS OF INTEREST

24. Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

In connection with the nomination process, I have consulted with the Office of Government Ethics and the Council of Economic Advisors' Designated Agency Ethics Official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I have entered into with the Council's designated agency ethics official.

25. Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

As VP for Policy & Research at the nonprofit, CFED, I oversaw a federal policy team that urged Congress and the Administration to take actions in line with our policy agenda, which called for expanding opportunities for low-income Americans to save for emergencies and retirement and to acquire such "assets" as, a home, a business, and additional education and skills (human capital), and do the same for their children. The following link is to CFED's federal policy page and provides details on specific measures it supported: http://cfed.org/policy/federal_policy_advocacy/

At Brookings Metropolitan Policy Program, we urged Congress and the Administration to consider new ways of investing in infrastructure and promoting innovation and economic development, but we did this as think tank experts providing information, not as lobbyists. The National Governors Association had a lobbying department, but there was an intentional "wall" between it and the Center for Best Practices where I worked and which focused on assisting governors to address common state issues.

26. Do you agree to have written opinions provided to the Committee by the designated agency ethics officer of the agency to which you are nominated and by the Office of Government Ethics concerning potential conflicts of interest or any legal impediments to your serving in this position?

Yes

D. LEGAL MATTERS

27. Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint, to any court, administrative agency, professional association, disciplinary committee, or other professional group? If so, provide details.

No

28. Have you ever been investigated, arrested, charged or convicted (including pleas of guilty or nolo contendere) by any federal, State, or other law enforcement authority for violation of any federal, State, county or municipal law, other than a minor traffic offense? If so, provide details.

No

29. Have you or any business of which you are or were an officer, director or owner ever been involved as a party in interest in any administrative agency proceeding or civil litigation? If so, provide details.

Not that I know of.

30. For responses to question 30 [29], please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

None

31. Please advise the Committee of any additional information, favorable or unfavorable, which you feel should be considered in connection with your nomination.

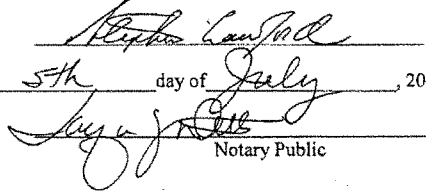
None.

E. FINANCIAL DATA - REDACTED

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

AFFIDAVIT

____ Stephen Crawford _____, being duly sworn, hereby states that he/she has read and signed the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of his/her knowledge, current, accurate, and complete.

Subscribed and sworn before me this 5th day of July, 2012

 Notary Public

Jacqueline Y. Watts
 Notary Public, District of Columbia
 My Commission Expires 5/14/2014

Stephen Crawford
7100 Panorama Drive
Derwood, MD 20855

June 3, 2013

The Honorable Tom Carper
Chairman
Committee on Homeland Security and
Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

I have reviewed the Senate Questionnaire filed in connection with my re-nomination on March 13, 2013, to be a Governor of the United States Postal Service. Incorporating the additional information below, I certify that the information contained in that document is, to the best of my knowledge, true and accurate.

Question 7(C) "Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.:"

Additional qualifying 2012 political contributions are as follows:
Democratic Senatorial Campaign Committee -- \$245
Obama For America & Obama Victory Fund 2012 -- \$1,600

Question 8(B) "List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format."

An additional qualifying speech includes the Keynote Speech on business model innovation in higher, delivered to the Annual Conference of University Professional and Continuing Education Association (UPCEA), April 5, 2013, Boston, Mass. (attached).

Question 12(H) "Please provide for the Committee signed copies of your Federal and state income tax returns for the past 3 years. These documents will be made

available only to Senators and staff persons designated by the Chairman and Ranking Minority Member. They will not be made available for public inspection."

Attached are copies of the applicable 2012 Federal and state income tax returns, to supplement the previously submitted returns for the appropriate prior years.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen Crawford".

Stephen Crawford

cc: The Honorable Tom Coburn
Ranking Member
Committee on Homeland Security and Governmental Affairs

REDACTED



United States
Office of Government Ethics
 1201 New York Avenue, NW, Suite 500
 Washington, DC 20005-3917

MAR 28 2013

The Honorable Thomas R. Carper
 Chairman
 Committee on Homeland Security
 and Governmental Affairs
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the U.S. Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

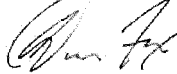
Therefore, I am forwarding a copy of the financial disclosure report of Stephen Crawford, who has been nominated by President Obama for the position of Governor of the Board of Governors, U.S. Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

The Honorable Thomas R. Carper
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in dark ink, appearing to read "Don Fox", written in a cursive style.

Don W. Fox
Principal Deputy Director

Enclosures

REDACTED

[date] *March 8, 2013*

Helen R. Grant
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Ms. Grant:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I am a Research Professor for George Washington University. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of this entity, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I am a consultant for American Enterprise Institute. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of this entity, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

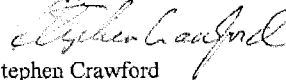
I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1), 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2), 205(c)(2) will apply to me if I serve for more than 60 days in any period of

365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g., Federal Express, United Parcel Service, DHL, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g., Federal Express, United Parcel Service, DHL, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

A handwritten signature in cursive script, appearing to read "Stephen Crawford".

Stephen Crawford

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Stephen Crawford to be
Governor of the United States Postal Service**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as a Governor of the United States Postal Service ("USPS" or "Postal Service")?

I believe that I was chosen for some or all of the following reasons: 1) performed well on the Obama transition team as the team leader responsible for the review of the Postal Service and Postal Regulatory Commission (PRC); 2) as an independent consultant to the Postal Service in 2009, investigated the challenges the Postal Service faces and wrote a paper on needed changes in its business model; 3) have relevant expertise regarding business model innovation to adapt to changes in technology and markets; 4) have broad experience as a senior manager, chief financial officer, policy analyst and board member; and 5) representatives of the mailing industry and the postal unions submitted letters recommending me for appointment to the BOG.

2. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

I have extensive experience as an Army officer, industrial sociologist, public policy analyst, senior manager, and board member. I have served as the executive director of three organizations, including the Governors Workforce Investment Board in Maryland (an independent state agency at the time), and as a senior manager at the National Policy Association, National Governors Association, Brookings Institution, and Corporation for Enterprise Development. In addition, I am currently on the board of the American National Standards Institute, whose nearly 1,000 members (companies, trade associations, professional societies, unions, consumer organizations, universities, government agencies, etc.) include Apple, Caterpillar, Cisco, Exxon Mobil, GE, IBM, Kaiser Permanente, McKinsey, Microsoft, NAM, Netflix, Oracle, Pfizer, QUALCOMM, Siemens USA, Verizon and the U.S. Departments of Commerce (NIST), Defense, Homeland Security, Transportation (Maritime Administration), and represent more than 125,000 companies and 3.5 million professionals.

While, I have never personally led an organization of more than 50,000 employees, I have advised and worked closely with the top leaders of such organizations, especially state governors but also corporate CEOs and university presidents. Currently I am directing a grant-funded project whose executive committee includes senior officers who represent the Business Roundtable, U.S. Chamber of Commerce, National Association of Manufacturers,

American Council on Education, Association of Public and Land-grant Universities, and the American Association of Community Colleges. This project is part of a broader effort to develop government policies and institutional practices that increase the productivity of American higher education. Finally, as a member of the Obama-Biden transition team and later as a consultant to the Postal Service, I developed considerable knowledge of the Postal Service and the challenges it faces, as well as of its unions and management associations, Inspector General's office, the Postal Regulatory Commission, and the mailing industry.

3. Were any conditions, express or implied, attached to your nomination? If so, please explain.

None

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

None

5. If confirmed, are there any issues from which you would have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures and/or criteria that you will use to carry out such a recusal or disqualification.

None

II. Role and Responsibilities of a Governor of the United States Postal Service

6. If confirmed, what specific contributions do you hope to make during your time on the Board of Governors?

If confirmed, I aim to contribute in at least three specific ways that reflect my strengths. The first is to use my research and analysis skills to scrutinize management reports (financial and otherwise), seek additional information, ask probing questions, and follow up regarding answers. The second is to promote a culture of innovation at the Postal Service, to institutionalize specific innovation mechanisms, and to encourage the exploration of new products and services. The third is to build better bridges between the Board and stakeholder groups and between the Board and its oversight bodies, by communicating frequently with them and by encouraging "interest-based" rather than "positional" collective bargaining.

7. The Postal Board of Governors (the Board) is responsible for directing the powers of the Postal Service, including its financial, accounting, and operational functions. How have your professional experiences provided you with the necessary business skills to effectively govern the Postal Service?

As the Vice President for Finance and Administration at the National Policy Association, I served as the organization's treasurer and chief financial officer and as its board's secretary. As an executive or division director in other jobs, I had broad responsibility for developing budgets, raising the needed funds, and preparing or reviewing statements of income and expenditure, assets and liabilities, and cash flow. It has helped that I took courses in accounting and finance as a graduate student at the Wharton Business School.

8. What do you see as the principal mission of the Board? What do you see as its principal responsibilities?

The principal mission of the Board is direct the exercise of the powers of the Postal Service. This includes directing and controlling its expenditures, overseeing its operational performance and practices, conducting long-range planning, and setting policies on all postal matters. The Board is also responsible for hiring the PMG and deputy PMG, and for approving officer compensation, major contracts, and capital investments exceeding \$25 million in cost. If S. 1486 or a similar bill becomes law, the Board will have some additional authority, especially regarding postal price setting.

9. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

The responsibilities of individual Board members are to identify and investigate critical issues; prepare well for and contribute thoughtfully to Board discussions; communicate appropriately with management, Congress and other stakeholders; and conduct oneself with integrity at all times. My relevant training and experience include serving as an infantry officer (Airborne, Ranger, Bronze Star) in Vietnam, obtaining an MBA and PhD at Wharton and Columbia, researching and writing several published articles and a book, working as a senior manager of several organizations and as the executive director of three, and serving on a county school board and currently the board of the American National Standards Institute. At present, I am a Research Professor at GWU's Institute of Public Policy. There, I direct a grant-funded project that has involved forming and leading a steering committee representing four federal agencies, NGA, and nine major business and higher education associations.

10. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges? How should the Board of Governors work with postal management to address these challenges?

The main challenge facing the Postal Service is to increase revenues and/or reduce costs enough to stop running deficits while continuing to provide affordable, universal service to American households and businesses. The top priorities in meeting that challenge are changes in the timetable for funding future retirees' health benefits, greater freedom to streamline operations and provide new services, development of a business model that is not predicated on continued expansion, and the creation of a more innovative culture. The Board

should work with Postal Management in a collaborative and non-micro-managing fashion without abdicating its responsibility to ask tough questions, ensure fiscal responsibility, and provide strategic leadership.

11. What do you believe should be the respective roles and functions of the Postal Service Board of Governors and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

The role of the Board is to provide general oversight of and strategic and policy direction to the Postal Service, as well as to fulfill its fiduciary responsibilities, hire the PMG and DPMG, and communicate effectively with key stakeholders, including Congress and the PRC. The role of management is to manage the Postal Service, which includes not only operations but also the conduct of needed research and pilot programs and developing recommendations to the Board for changes in major policies or practices.

12. The Governors are chosen to represent the public interest generally. How do you plan to interact with various stakeholders interested in postal issues and how do you think as a Governor you can effectively represent their interests?

I know and respect many of the leaders of the Postal Service, postal unions, and mailing industry associations, and if confirmed I expect to maintain those relationships and listen carefully to those leaders' concerns. At the same time, I aim never to lose sight of the fact that these leaders are paid to represent their organizations' interests and that those interests, even when taken together, are not the same as the public interest. It is especially important in this time of financial crisis for Board members to discern and stand up for the public interest. That requires intellectual sophistication as well as strength of character, for it is far from obvious how to calculate the implications of various policy changes for "the public," "the economy" and "the country." This is especially so in the case of the Postal Service because of the uncertain meaning or permanence of its universal service obligation, price cap, and mandate to be self-sufficient, and the uncertain value and options for financing the external benefits (often intangible, as in a small town's identity) it produces. As a Governor, I would strive to promote as informed and honest a dialogue as possible about all of this -- both on the board and in communications with the various stakeholders.

13. As you are aware, the Postal Accountability and Enhancement Act of 2006 requires that by the end 2015, at least four members of the Board of Governors have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

I am aware of this provision in the PAEA, and respect the thinking that gave rise to it. My main concern is that the threshold seems rather high at a time when some of the country's largest (in sales), most innovative and most profitable firms employ far fewer than 50,000 employees. I think S. 1486's revisions of this requirement make very good sense.

III. Policy Questions*Postal Reform and Financial Issues*

14. The U.S. Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2013 with a net loss of \$5 billion. Further, the Postal Service reported a loss of \$354 million for the first quarter of FY2014 and \$1.9 billion for the second quarter.

- a. In your view, what is the Board of Governor's role in overseeing USPS's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

The role of the Board is to work with Congress and senior postal management to promote the development and implementation of realistic plans for cutting costs and increasing revenues. This involves the responsible downsizing of the Postal Service to better align its capacity with its reduced volume of activity while still meeting its universal service obligation. It also involves exploring new products and services that could leverage existing capacity, and adjusting operations to the ongoing shifts in the mail mix, keeping in mind the differences in their contributions.

- b. How does this differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

The role of the Board is to pro-actively steer the Postal Service. The role of the PRC is to ensure adherence to laws and regulations, to respond to requests from the Postal Service, especially for rate increases, and to address complaints from third parties. The role of Congress is to provide general oversight and to establish a policy and regulatory environment that enables the Postal Service to provide outstanding service without drawing on public resources, and to represent the public interest.

15. Volumes and revenues associated with letter mail and other products in the postal monopoly continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and other products outside of the postal monopoly has grown significantly in recent years.

- a. How can the Postal Service remain viable as letter mail volume declines?

Delivering a declining volume of mail to an expanding number of delivery points makes improving productivity extremely difficult. The problem is exacerbated by the shift in the mail mix such that the most profitable product, First-Class Mail, accounts for shrinking portion of the mail. The way for the Postal Service to remain viable in the face of such changes is to right-size and modernize its delivery system, generate additional revenues

from new products and services, experiment with new technologies and business models, and obtain the kind of regulatory improvements provided by S. 1486.

- b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

A recent OIG analysis identifies three market segments that have good growth prospects: direct mail advertising, standard mail and two-and-three day package services, in part because they benefit from eCommerce. The challenge is to change postal policy and corporate culture to take better advantage of these opportunities and to aggressively explore the market for new products and services, including digital postal services.

- c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

It is already doing much that will help, but to remain viable in its traditional markets and succeed in new ones, it needs to be very creative about how best to provide universal service while developing new sources of revenue. One key is to study what postal services in other countries are doing. Another is to study what our own private sector's exemplary companies are doing, especially in such areas as logistics, retailing and communications. The enactment of S. 1486 would help enormously because it would give the Postal Service more flexibility to adapt to changing circumstances.

- d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

I believe that the Postal Service should adhere to the established guidelines, as interpreted by the PRC, regarding competition with the private sector.

- e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

The Board should be very proactive when it comes to asking tough questions about what the Postal Service is and is not doing to reduce operating expenses and what the results are of such efforts. At the same time, it needs to take into account the expertise of the Postal Service's senior management and not try to micro-manage operations.

- f. What is the Board's role and responsibilities in identifying opportunities for Postal Service to increase volume?

The same principles apply here as in section (e), with one exception. The PMG and his staff know far more about current postal operations and their costs than do most board members. With regard to opportunities to increase volume or revenue through new

products and services, however, some board members may have more relevant experience. In these cases, they should assert more leadership, by, for example, pressing for studies and pilot projects.

16. What are your views on the “universal service obligation” and the various delivery methods currently employed to carry out this mandate (e.g., six day delivery, the overnight delivery standards)? In other words, how do you view the current service standards and delivery frequency with respect to the obligation for service to every American?

I regard the universal service standard as a fundamental principle of the Postal Service, one without which the function of “binding the nation together” would ring hollow, and one I strongly support. At the same time, I do not believe that universal service requires a specific frequency of delivery or distance for overnight delivery. For that reason, I am comfortable with the provisions in S.1486 that would eventually allow five-day delivery. The larger point here is that the mail provides an essential service, and that more frequent and rapid deliveries are better than less frequent and rapid ones. Yet, falling mail volumes and a mandate to be self-sufficient make it important to cut costs, and it seems appropriate to consider public opinion in deciding whether and how to do so.

17. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2013 because of its precarious financial condition. GAO added the Postal Service’s financial condition on its high-risk list in 2009 after removing it in 2007. In your view, what should be the Postal Service’s strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

The Postal Service has already laid out promising plans for achieving short-term viability, including reducing excess capacity and exploring the possibility of postal-only health insurance plans within the Federal Employees Health Benefit system. It may need to do more, however, to change its business model from one predicated on increases in mail volume to one that emphasizes contributions. In addition, it should do more to fully realize the potential of the market segments that show potential for growth, and it should focus on creating new products and services and developing a culture of innovation throughout the organization.

18. On February 2, this committee approved S. 1486, the Postal Reform Act. The legislation attempts to address in a comprehensive way the financial, operational, and other challenges faced by the Postal Services and highlighted by GAO. Does this bill, in your view, adequately address the problems facing the Postal Service?

I understand that USPS and its BOG have been generally supportive of S. 1486’s comprehensive reforms. I especially like the changes it makes in the timetable for prefunding future retirees’ health care, its allocation of FERS pension overpayments, the

establishment of a new health care system, new authority to ship alcoholic beverages, and its creation of the position of a Chief Innovation Officer.

19. In order to ensure the future financial viability of the Postal Service, the Postal Service needs to address its healthcare costs and future healthcare liabilities. To help achieve this goal, S. 1486 creates a new postal-only health program within the Federal Employee Health Benefits Program that would require Medicare-eligible postal annuitants to enroll in Medicare as a condition of their enrollment and provide postal annuitants with prescription drugs through a Medicare Part D Employee Group Waiver Plan (EGWP). This is in line with the current practices of other businesses that provide health coverage to their annuitants and will provide the Postal Service with significant savings. Do you believe it is appropriate to require Medicare-eligible postal annuitants to participate in Medicare?

Yes, I believe it is appropriate. Since 1970, the Congress has expected the Postal Service to operate without public subsidies. Almost all private employers that offer retirees health insurance coverage require that they also enroll in Medicare Parts A, B, and usually D.

20. There are differences of opinion about the privatization of the Postal Service. What are your views on privatization?

I am against privatization of the U.S. Postal Service, but support such forms of liberalization as "work sharing" agreements with private firms.

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other capital investments it needs to make in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

I think that the Board has a particular responsibility to take the long view of the Postal Service's institutional health. This includes being sure that important capital investments are not put off again and again. To be sure, meeting salary and debt obligations take precedence, but the Board needs to make sure that a realistic plan exists for the ongoing updating of vehicle fleet. If S. 1486 or a similar bill becomes law, it should be possible to move beyond the immediate financial crisis and resume modernizing the fleet. In addressing the accumulated backlog, consideration should be given to partnerships with the U.S. Department of Energy and the Environmental Protection Agency as well as the major auto firms that could result in exceptionally good deals on a less-polluting fleet.

Postal Rates and New Products

22. One of the core principles of the Postal Accountability and Enhancement Act, which was enacted into law in 2006, was to provide Postal Service customers, through the establishment

of an inflation-based rate cap, with predictability and stability in pricing. In recent years, however, the restrictions on Postal Service pricing created by the rate cap have played a role in preventing the Postal Service from generating sufficient revenue to cover its costs.

- a. What is your opinion of the inflation-based rate cap as an approach to regulating postal rates?

I am on record as objecting to the cap as currently defined, even though it has probably served, as intended, to promote innovation-based improvements in productivity. The problem is that it is too restrictive, especially given the shift from a world of ever increasing mail volumes (with their economies of scale) to one of continually decreasing volumes. Moreover, there exists a PRC that is better positioned to evaluate requests for rate increases. I prefer the provisions in S. 1486.

- b. What role should the Postal Regulatory Commission (PRC) play in studying and/or approving Postal Service pricing decisions?

Their role should be to ensure that the Postal Service is not abusing its market-dominant status.

23. With appropriate safeguards, S. 1486 would expand a provision in current law regarding the ability of the Postal Service to offer non-postal products.

- a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

The Postal Service should be allowed to offer state and local government document procurement services similar to those it now offers for passports, and also digital identity and authentication services. That is not to say it should offer these services, for that would depend on the outcomes of market testing, but simply that it should be allowed to. I would also like to see the Postal Service consider offering small postal savings accounts of the kind that it did from 1911-1966 and that exist in many other countries, and I would note that the USPS OIG has recently released a white paper supportive of that concept. It is not clear that the Postal Service could make money on such accounts, and they may raise issues of inappropriate competition with the private sector. Yet, the U.S. needs to increase its savings rate, and there are about 52 million un- and under-banked adults in the country who stand to benefit from such services. There are no doubt other ways to leverage the Postal Service's network and last-mile asset, and I favor the use of well-managed crowd sourcing to generate new idea ideas.

- b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

I view non-postal products as a complement to, not a substitute for, the Postal Service's main lines of business. I believe that the Postal Service's mail and package services should and will continue to generate the bulk of its revenues.

- c. How would you ensure the Postal Services does not unfairly compete with the private sector in selling non-postal products?

To the extent permitted by the more restrictive PAEA, I would support applying the relevant provisions of S. 1486, even if that bill or a similar one is not passed in this Congress. These provisions allowing greater flexibility in offering non-postal products, but require that these products make use of the mail processing and distribution network, be in the public interest and respond to a public demand, not create unfair competition with the private sector, and improve the USPS's financial position. I realize that this answer still begs questions about what constitutes "unfair competition," and hasten to add that this is a long-established area about which I need to learn more. Fortunately the PRC has extensive experience in establishing and maintaining the appropriate boundaries.

24. How can the Postal Service better take advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

I think there is much the Postal Service could do to enhance the appeal and value of existing mail products, delivery patterns, websites and post offices. Take post offices. The typical one looks like a government office – plain, functional, and suggesting little effort to make the place a pleasure to visit. Yet, we know that one key to the survival of bookstores in this age of e-books is providing an "experience" that can't be had online. This will become more important if the Postal Service begins to offer more non-postal products. One way to improve the experience is to improve the design of local post offices such that they meet the needs and wants of customers. The LUMA Institute in Pittsburgh has good reputation for teaching "human-centered design" to teams of executives who then apply the principles to redesigning products, services and retail spaces in ways that enhance consumer appeal.

Facility Closings and Service Changes

25. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

In my view, the Board should not get involved in decisions about specific facilities. Rather, it should focus on the reasonableness and impact of the criteria for closing facilities, giving special attention to alternatives, such as reduced window hours, and to the availability of other access points, such as nearby post offices or new "village post offices." The Board should also monitor the response of mailers, postal employees, and especially the affected public to proposed facility closings, consolidations, and related changes, for this would

enable it to better gauge the value of the services involved and thus the real downside of reducing operating expenses this way. That said, the Postal Service already has a pretty good process of ensuring community input.

26. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

The Board should provide careful oversight of the process to ensure that the criteria for communications are adequate and applied consistently and to monitor reactions by customers and employees. It can do this by reviewing the criteria, asking good questions about satisfaction with them as guidelines, requiring and examining evidence concerning their application in practice, and listening to representatives of employees and customers.

27. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

I don't know enough about this issue to offer a thoughtful answer. If confirmed, I would look forward to learning much more about the potential of alternate retail channels.

28. In recent years, the Postal Service has proposed both the elimination of Saturday delivery of some classes of mail as well as changes to the overnight service standard.

- a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail to lower certain service standards?

I hope the Postal Service can avoid reducing the frequency of mail delivery, but think it should have the flexibility, as S. 1486 would provide, to do so in the event it is otherwise unable to balance its budget. This is a difficult issue. Five-day delivery would require painful adjustments by certain customers while undercutting one of the Postal Service's competitive advantages. Yet six-day delivery makes it tough to maintain, much less improve, delivery productivity in the face of falling volumes. Moreover, public opinion polls suggest that 7 in 10 Americans favor eliminating Saturday delivery if that will help the Postal Service end its operating deficits. Thus, my position is that five-day delivery should be an option, but one to which the Postal Service would resort only after it had exhausted all other reasonable alternatives for putting its financial house in order.

- b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm rural customers and are consistent with the Postal Service's universal service obligation?

There is some risk that cutting mail delivery frequency to five days per week or reducing the operating hours of small, rural post offices, will hasten the declines in mail volume and revenue. I think, however, that that risk is small and manageable. In any event, any eventual change in delivery frequency or convenience must be accompanied by vigorous efforts to lessen or mitigate effects on customers, especially those in rural areas. This will require good communications and cooperation among all stakeholders. If confirmed, I will promote such cooperation, work to preserve as much service, volume and revenue as possible, and give special attention to the needs of rural customers.

Workforce-Related Issues

29. The Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. Does the Postal Service have sufficient flexibility to adjust its workforce to changes in mail volume? If not, what additional flexibility is needed?

Given the scale of workforce reductions that have already occurred, I think it has sufficient flexibility.

30. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

This is a challenge in organizations that are gradually downsizing, and there may be lessons to learn from other industries that have coped with it – autos, railroads, etc. One option to investigate is phased retirement. Many retirement-eligible supervisors, managers and executives are weary of working full-time but would like to keep working part-time and/or part-year. In doing so, they could save their employer money while continuing to share their valuable experience. It may be that issues concerning health and pension benefits may make phased retirement too difficult in the Postal Service, or it may be that it already exists. But if it doesn't, it seems worth considering, especially for the postmasters of small post offices who are seeing their window hours cut substantially.

31. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

I favor performance-based compensation systems, but only if the system is well designed. Key issues are how performance is measured, how easy it is to earn a high score, whether to grade on a curve, how much of a bonus one gets for scoring highly, how easy it is to game

the system, and whether it fosters resentment among those who are not eligible. There are organizations – for example the Society for Human Resource Management – that have great expertise in this area and with which I would want to consult as a board member.

32. The Postal Service is subject to Occupational Safety and Health Act workplace safety laws in the same manner as private-sector employers. How can the Board help ensure compliance with applicable workplace safety laws and encourage efforts to improve safety and reduce costs associated with workplace injuries?

The Board can review the safety and compliance data, including trends and comparisons with other industries. It can also examine the Postal Service's systems and programs for promoting health and safety, ensure that employees have adequate opportunities to suggest improvements, and recommend additional incentives based on members' experience in other organizations. There are no doubt other things it can do, about which I would attempt to learn if confirmed.

33. S. 1486 would require the Postal Service in the coming years to begin paying down its long-term workers compensation obligation. Do you agree with this approach in S.1486?

I do. GAO consistently recommends that, to the extent financially feasible, the Postal Service pay down its long-term liabilities because of the substantial long-term benefits it will realize. The risk is that the prefunding schedule will be too aggressive—as was the case with the PAEA's retiree health benefit plan—and thus cause serious financial strain. S. 1486 offers a good solution, because it requires pre-funding payments only when the Postal Service's profits the preceding year exceed one billion dollars, and then only up to a ceiling that reflects a 40-year amortization. Its success depends on that of the other reforms in S. 1486.

34. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

I think good labor-management relations are very desirable. By "good," however, I do not mean cozy so much as characterized by honesty and mutual respect. Back when the postal workforce was growing and the Postal Service prospering, this was not very difficult. Now, with the Postal Service running unsustainable deficits and focused on cutting costs, its relationships with its unions and management associations are understandably tense. The letter carriers are understandably upset by the prospect of ending Saturday delivery, the postal clerks and mail handlers by plans to continue consolidating processing facilities, and the postmasters by moves to close thousands of small post offices. These are realities with which management must deal as wisely as possible, and it's the Board's role to provide smart, sound guidance and oversight. It can and should also work hard to establish and maintain good personal relationships with union leaders.

35. What is the Board's role in ensuring effective cooperation between postal management and Postal Service labor unions?

As a member of a school board that negotiated successfully with teacher unions, I participated in joint (union-employer leadership) training in "interest-based" collective bargaining and found it achieved better results than the normal "positional" bargaining. I do not know whether the Postal Service and its unions abide by the principles of interest-based bargaining but if not I would encourage investigating them. In any event, it is important for the Board to recognize the pain to labor involved in the current downsizing, communicate honestly and effectively with postal workers and their representatives, and still do what must be done to ensure the Postal Service's survival and success.

Mail Safety and Security

36. What is your opinion of the Postal Service's current programs to manage risks posed by suspicious mail to enhance the safety and security of the mail?

I do not know enough about the current safety and security programs to venture an intelligent opinion. I look forward to learning much more if confirmed.

37. What are the tradeoffs that should be considered to determine what actions the Postal Service should take to enhance the safety and security of the mail – for example, in terms of potential impacts on postal operations and service delivery?

The goal should not be to eliminate all risk; we don't do that even in building bridges, where the standard may be strong enough to resist a 1-in-1,000 year earthquake, but not a 1-in-10,000 year one. Rather, the goal should be to minimize risk to the point where additional reductions would involve disproportionately small gains for disproportionately large expenses. That said, it is important to keep in mind that part of the Postal Service's brand value stems from its reputation for security and safety. If maintaining that reputation requires additional efforts in the face of new threats, the additional expenses are probably warranted.

38. What is your opinion about increasing the use of cluster boxes to improve security of the mail? Generally, what do you believe the Postal Service should do to ensure that businesses and residential customers use cluster boxes to an appropriate extent?

For businesses and new addresses, S. 1486 requires the Postal Service to convert door delivery to other delivery modes, including centralized or curbside. The main reason I support that change is to reduce delivery costs, but I also have the impression that cluster boxes improve security because of the increased probability that someone will be stopping there to collect mail at most any time of day or night. For existing residential addresses, S. 1486 requires the Postal Service to implement conversion on a voluntary basis beginning one year after the law's enactment, but includes several exceptions and procedural requirements

(e.g., community input on the location of cluster boxes). That raises issues concerning how to persuade enough customers to convert.

Here I think the answer may be a combination of normative and material incentives. Behavioral economists tell us that simply informing households that their neighbors use less electricity or water per square foot or person than they do motivates people to reduce their own usage. If told their neighbors were converting to curbside or cluster box delivery to ease the burden on letter carriers and save the beleaguered Postal Service money, many would do so. But the Postal Service could also offer various discounts or coupons to encourage conversion.

39. What steps should the Postal Service take to maintain trust and credibility with its employees and customers that the mail is safe? How can the Postal Service improve its response to hazardous incidents to ensure that appropriate safety procedures are understood and followed by all employees?

Beyond the obvious – quick and honest acknowledgement of problems and serious efforts to address them -- I do not know at present what steps the Postal Service should take to maintain the trust and credibility of its employees and ensure customers that the mail is safe. These are matters about which I look forward to learning much more if confirmed.

IV. Relations with Congress

40. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

I do.

41. Do you agree, without reservation, to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

I do.

V. Assistance

42. Are these answers your own? Have you consulted with the Postal Board of Governors or any interested parties? If so, please indicate which entities.

They are my own. When I had my first confirmation hearing (in July 2012) for this appointment I submitted a similar questionnaire to Congressional committee staff through the Postal Service's office of government affairs, and in the process learned those parties' views

on some of the issues raised in the current questionnaire. However, I alone am responsible for these responses given here.

I, Stephen Crawford, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.


(Signature)

This 4th day of July, 2014

Senator Tom A. Coburn
Additional Questions for the Record (QFRs)
Nomination of Stephen Crawford to be a Governor, U.S. Postal Service
July 15, 2014

1. You said moving to five-day delivery should be “a last resort.”

a. Do you believe the Postal Service currently faces a financial crisis?

Yes. It’s not simply that it has run deficits 20 of the past 22 quarters and has liabilities that exceed its assets by 40-some billion dollars. It is that its most profitable product, First Class Mail, continues to decline in volume, and that under current law the Postal Service lacks the freedom to stem the flow of red ink.

b. Do you think there are other, better options at this point to reduce costs? If so, what?

Yes, I believe there are better options, but it will take new legislation to allow the Postal Service to exercise them. The pension and healthcare system reforms spelled out in S. 1486, for example, would save far more money than reducing the frequency of delivery. The question is whether the combination of cost-saving measures (other than moving to 5-day delivery) and revenue growth from new products and services will be enough to enable the Postal Service to put its financial house in order. By that I mean meet its financial obligations in the face of further likely declines in First Class Mail volume and still have the resources required to make needed capital investments, especially in productivity-enhancing innovation but also in replacing aging equipment and vehicles.

c. Do you believe costs should be cut until they are equal to or less than revenues?

Yes, but I hope that the balance can be achieved by increasing revenues as well as cutting costs.

2. In developing S. 1486, this committee’s postal reform legislation, we would give the Postal Service greater flexibility to develop “non-postal” products.

a. How would you evaluate whether the Postal Service was unfairly competing with the private sector?

I have much to learn about this issue, but I believe that there exists a well-established body of definitions, criteria and rulings (by the PRC, other regulatory bodies, and the courts) on which to draw. I would attempt to apply these to any proposals for new products and services.

Nomination of Stephen Crawford to be a Governor, U.S. Postal Service, July 15, 2014
QFRs – Sen. Tom Coburn

- b. Do you think that running a bank is something the Postal Service would either be good at or should try to do?

I don't think the Postal Service should run a bank, but I do think it should explore offering an expanded set of non-bank financial services, including small savings accounts of the kind it offered from 1911 to 1966. I say this because millions of low-income American families lack any savings to meet an unexpected expense, and exacerbate their financial plight by turning to payday lenders. I also say it because several foreign postal services provide a range of financial services and appear to make money doing so, and because a considerable portion of the U.S. Postal Service's facilities and staff are underutilized and could be repurposed. At the same time, I am far from confident that their retail facilities are in the needed locations, that their hours of operation are the needed ones, that they can develop the needed skills and systems to provide effective and efficient services, or that they can make money in the process. There are also questions of unfair competition to address. Nevertheless, I think the Postal Service should be allowed to investigate the market and run some pilot programs to learn more about the potential to do well – make money -- by doing good – providing a service that the commercial banks find uninteresting.

- 3. This Committee has formulated legislation to help restore the Postal Service to financial viability.

- a. Do you support this legislation?

Yes, I strongly support S. 1486.

- b. The bill gives more authority to the Governors to direct the activities of the Postal Service. Do you think it is important that the Board of Governors be allowed to make business decisions vital to the future of the Postal Service?

Yes.

- c. With authority comes responsibility. In particular, the Governors have to make hard-headed business decisions. Why do you think you are prepared to make the kinds of hard decisions needed to save the Postal Service?

As a young man in the Army's Officer Candidate School and later an infantry officer in Vietnam, I learned about triage when handling those wounded in battle. Ever since I have had little patience with the wishful thinking of those who prefer to avoid tough choices, as is evident recently in my scholarly publications on higher education and the tough choices I call on college leaders

Nomination of Stephen Crawford to be a Governor, U.S. Postal Service, July 15, 2014
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to make in the face of rising costs, reduced public support and a growing reluctance on the part of students to debt-finance the expenses of attending.

- d. How has your professional background prepared you to take on this job?

My professional back has prepared me to be an effective board member by giving me broad experience in six relevant areas: 1) management (as the executive director of three organizations and a senior manager in three others); 2) finance (as a graduate of the Wharton Business School, former chief financial officer of the National Policy Association, and co-author of an article on student loan policy to appear in a forthcoming issue of a journal of economics and financial management; 3) policy analysis (at various think tanks and now as a Research Professor at GWU's Institute of Public Policy); 4) political understanding (as a former nominee for Congress, the author of a book on the politics of engineers, and someone whose nomination to the BOG was supported by both the unions and the mailers); 5) board effectiveness (as an executive director working directly with boards and as the member of various boards and commissions, including a country school board and currently the board of the American National Standards Institute); and 6) the challenges the USPS faces (as the Obama-Biden transition team member who led the investigation of the Postal Service and later as a consultant on business model innovation to the Postal Service). In addition, I have considerable knowledge about business models, open innovation, and corporate strategy in the face of changes in the market, technology and an organization's competitive situation.

4. The Postal Service is supposed to be self-financing like a business, yet is still part of the federal government.

- a. In what ways should the Postal Service operate like a business, and in what ways should it operate like a government agency?

It should act like a business in the sense that it should strive to reduce unit costs while constantly assessing the opportunities and threats represented by changes in technology and the market and making appropriate adjustments to its prices, products, services and business model. It should act like a government agency in serving all citizens equally — the universal service mandate — rather than targeting those who are relatively low-cost or more profitable. It should also act like a government agency in terms of recognizing its accountability to the public's elected representatives and the regulatory bodies established by them.

- b. Do you think the current balance today tilts too far in either direction?

Nomination of Stephen Crawford to be a Governor, U.S. Postal Service, July 15, 2014
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Yes, I think the current balance tilts too far in the direction of operating like a government agency. That would be less problematic if the Postal Service were not running large deficits or if the government were willing to subsidize its losses, but since neither is the case, the Postal Service needs greater freedom to make tough decisions about cost reduction and/or revenue enhancement.

Senator Mark Begich
Additional Questions for the Record
Nomination of Stephen Crawford to be a Governor, U.S. Postal Service
July 15, 2014

1. What role do you see for the Bypass Mail program in continuing to provide rural Alaskans with universal service?

I imagine that the Bypass Mail program will continue to provide rural Alaskans with the kind of service it has been providing for more than three decades. I am not aware of any serious efforts to change the laws that authorize it.

2. Are you supportive of the Bypass Mail program and its mission?

I am supportive of universal service by the Postal Service and of providing it to rural Alaskans, many of whom depend on air freight for the delivery of essential supplies. I do not know enough about the Bypass Mail program to say whether it represents the best possible way for the Postal Service to meet its obligations, but I support it on the ground that Congress has established it and the cross-subsidies involved are far too small to affect the financial problems the Postal Service currently faces.

3. What, if any, changes do you think should be made to the Bypass Mail program?

I know too little about the Bypass Mail program to suggest any changes to it.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

1. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<small>Name of Position</small>	<small>Date of Nomination</small>
Governor, Board of Governors US Postal Service	April 24, 2013

<i>Current Legal Name</i>			
<small>First Name</small>	<small>Middle Name</small>	<small>Last Name</small>	<small>Suffix</small>
David	Michael	Bennett	

<i>Addresses</i>					
<small>Residential Address (do not include street address)</small>			<small>Office Address (include street address)</small>		
			Street: 1101 Wilson Blvd. Suite 2000		
City: Washington	State: DC	Zip: 20015	City: Arlington	State: VA	Zip: 22209

<i>Other Names Used</i>						
<small>First Name</small>	<small>Middle Name</small>	<small>Last Name</small>	<small>Suffix</small>	<small>Is Child's Name?</small>	<small>Name Used From (Month/Year) (Check box if estimate)</small>	<small>Name Used To (Month/Year) (Check box if estimate)</small>
-- None --					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Birth Year and Place</i>	
<u>Year of Birth</u> (Do not include month and day.)	<u>Place of Birth</u>
1955	Charlotte, NC

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married	Married	Separated	Annulled	Divorced	Widowed
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
<u>Spouse's First Name</u>	<u>Spouse's Middle Name</u>	<u>Spouse's Last Name</u>	<u>Spouse's Suffix</u>
-- Not Applicable --			

<i>Spouse's Other Names Used (current spouse only)</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Married Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
--Not Applicable--					Est <input type="checkbox"/>	Est <input type="checkbox"/>
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
First Name	Middle Name	Last Name	Suffix
Maria	Christina	Bennett-Byrd	
Michael	Kenneth	Bennett	
Christa	Michelle	Bennett	

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/on-line school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Duke University	University	Est August 1973	Est Dec. 1976	BA	Dec. 1976
George Washington U Law School	University	Est August 1977	Est May 1980	JD	May 1980
		Est <input type="checkbox"/>	Present <input type="checkbox"/> <input type="checkbox"/>		
		Est <input type="checkbox"/>	Present <input type="checkbox"/> <input type="checkbox"/>		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS, Commissioned Corps, Other Federal employment, State Government (Non- Federal), Employment, Self- employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self- employment), Other	<u>Name of Your Employer, Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location (City and State only)</u>	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
Non-Government	BAE Systems, Inc.	Senior VP and Chief Information Officer	Arlington, Va	Est March 2005	Present Est <input checked="" type="checkbox"/>
Non-Government	Northrop Grumman, Corp	VP Contracts Pricing and Procurement	Herndon, Va	Est April 1987	Est March 2005
Non-Government	EDS Corp	Assistant General Counsel	Bethesda, Md	Est May 1983	Est April 1987
Government	DC Government	Contracts Manager	Washington, DC	Est Feb. 1982	Est May 1983
Government	US Dept. of Commerce	Law Clerk	Washington, DC	Est June 1980	Est Feb. 1982

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
-- None --		Est <input type="checkbox"/>	Est <input type="checkbox"/> Present <input type="checkbox"/>
		Est <input type="checkbox"/>	Est <input type="checkbox"/> Present <input type="checkbox"/>

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

I was a Vice President of Northrop Grumman's IT Sector until March 2005. In that capacity, I was aware of Northrop Grumman doing business with the U.S. Postal Service, but I was never personally involved in any USPS/NGC transactions and was not aware of any details regarding the business relationship. I own 500 Shares of Northrop Grumman Stock of which I have agreed to divest within 30 days of being confirmed.

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

None.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

Washington Business Journal Minority Business Leader of 2012

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
Howard University Business School Board of Visitors	2005 to Present	Board Member
Duke University Alumni Association	2007 to Present	Vice President
Manna Inc.	2001 to Present	Board Member
The Memorial Foundation	2013 to Present	Board Member

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service</u> (if applicable)
No			

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
None			

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Kendrick Meeks	\$2,000	2011
Kenneth Lewis	\$2,000	2011
Barak Obama	\$1,000	2011
Barak Obama	\$1,000	2007

8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
None		

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
None		

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
None		

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you? (Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.)

No.

- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?

No.

- Have you been charged, convicted, or sentenced of a crime in any court?

No.

- Have you been or are you currently on probation or parole?

No.

- Are you currently on trial or awaiting a trial on criminal charges?

No.

- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?

No.

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

- a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: Yes / No
- 2) Firearms or explosives: Yes / No
- 3) Alcohol or drugs: Yes / No

D) Location where the offense occurred (city, county, state, zip code, country):

- E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**
- 1) Name of the law enforcement agency that arrested/cited/summoned you:
 - 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
 - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
 - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
1990	DC Superior Court	Columbia Hospital for Women Vs David Michael Bennett and Christine Bennett	Charges for the birth of Christa M Bennett	Hospital acknowledged an over charge for the medical procedure. Action was dismissed
1978	DC Superior Court	D. Michael Bennett Vs. Caryle Bennett	Divorce	Divorce Granted
2009	DC Superior Court	D Michael Bennett Vs Christine Bennett	Divorce	Divorce Granted

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>
No				

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity. Not applicable.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

<u>Name of Agency/Association/ Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>
No.			

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No.

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

REDACTED

13. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No.

14. Outside Positions

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

15. Agreements or Arrangements

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Disclosed on Form 278

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of

payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date (month/year)</u>
None.		

16. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Robert M. W. Smith

This 6 day of May, 2013

REDACTED

United States
Office of Government Ethics
 1201 New York Avenue, NW, Suite 500
 Washington, DC 20005-3917

JAN - 9 2014

The Honorable Thomas R. Carper
 Chairman
 Committee on Homeland Security
 and Governmental Affairs
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

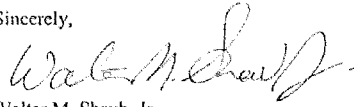
Therefore, I am forwarding a copy of the financial disclosure report of David Michael Bennett, who has been nominated by President Obama for the position of Member of the Board of Governors of the United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

The Honorable Thomas R. Carper
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in cursive script, appearing to read "Walter M. Shaub, Jr.", written in dark ink.

Walter M. Shaub, Jr.
Director

Enclosures

RECEIVED

February 11, 2013

Helen R. Grant
Designated Agency Ethics Official
Associate General Counsel and Chief Ethics Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Ms. Grant:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will divest my interests in Northrop Grumman within 30 days of my confirmation. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Northrop Grumman until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I am Senior Vice President and CIO for BAE Systems, Inc. In addition, I hold BAE Systems, Inc. stock and participate in the following BAE Share Plans: the BAE Executive Share Option Plan, in which I hold vested and unvested stock options; the BAE Performance Share Plan and the BAE Share Matching Plan, in which BAE releases shares to me at specified times, subject to certain performance conditions; and the BAE Restricted Share Plan and the BAE Retention Restricted Share Plan, in which shares are released to me if I am still employed by the company on the date that they vest. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of BAE Systems, Inc., unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I will retain my unpaid positions as a member of the Board of Directors of the Duke University Alumni Association and of Manna, Inc. I also will retain my unpaid position as a member of the Board of Visitors for the Howard University School of Business. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the Duke University Alumni Association, Manna, Inc., or Howard University, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1), 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2), 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Federal Express, United Parcel Service, DHL, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Federal Express, United Parcel Service, DHL, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,



David Michael Bennett

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of David Michael Bennett to be
Governor of the United States Postal Service**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as a Governor of the United States Postal Service ("USPS" or "Postal Service")?

The President nominated me because of my unique background as an attorney, business executive and my nationally recognized Information Technology expertise at a time when all three disciplines are required to guide the USPS. Since 2010 I have been the Senior Vice President and Chief Information Officer of BAE Systems Inc., a multinational aerospace and defense company. I am also a senior Board member of several entities, most notably Manna Inc. a non-profit corporation providing homeownership opportunities to low and moderate income residents in Washington D.C. and, now, Prince George's county. I'm a member of the Howard University Business School Board of Visitors and former Vice President of the Duke University National Alumni Board. My background will support the USPS's objective of providing a higher level of value to the American people at a lower cost. I'm excited to have the opportunity to serve the American people through one of the most unique and valuable institutions in America. The USPS is probably the only institution in this country, public or private, that can touch every single American each day. What a valuable American asset.

2. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

As noted earlier, my extensive legal experience in general corporate matters, my years of executive business leadership and operational management gives me the experience to quickly understand the pressing USPS issues. My most recent experience in IT infrastructure and CyberSecurity as CIO for a major multinational company will bring capabilities to the Board regarding technology innovations the USPS is surely considering. I also have Board experience as noted in question (1) that includes serving on Boards of several small technology companies.

3. Were any conditions, express or implied, attached to your nomination? If so, please explain.

None.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

None.

5. If confirmed, are there any issues from which you would have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures and/or criteria that you will use to carry out such a recusal or disqualification.

None.

II. Role and Responsibilities of a Governor of the United States Postal Service

6. If confirmed, what specific contributions do you hope to make during your time on the Board of Governors?

I believe I can provide the Board the expertise in CyberSecurity and ideas around leveraging Technology to drive efficiency in and cost out of postal operations. I have extensive experience with such as a Chief Information Officer (CIO). With this expertise the Board can strategically guide the technology evolution of postal operations. Secondly, my business operations background will allow me to address operational matters brought to the Board by USPS executives. Finally, with my legal expertise I will be able to review matters identified by the General Counsel for Board decisions as determined by the USPS rules and governance.

7. The Postal Board of Governors (the Board) is responsible for directing the powers of the Postal Service, including its financial, accounting, and operational functions. How have your professional experiences provided you with the necessary business skills to effectively govern the Postal Service?

As a former business unit General Manager and as head of a large organization of technology professionals, I have been responsible for and understand finance, accounting, contracts and cost management. I understand the role of operational functions such as human resources, communications, and business management and how critical they are to operational efficiencies. As a CIO I'm keenly aware that reliable and current IT is not just a "nice to have" but essential to effective business operations. It is often the key to major cost takeout.

8. What do you see as the principal mission of the Board? What do you see as its principal responsibilities?

The principal mission of the Board is to oversee current operations and ensure that management follows good and established business practices. The Board is responsible for providing strategic direction to the USPS executive team and guidance as they implement the strategic plan.

9. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

The individual Board Governor must make sure he or she is knowledgeable of current operational activities and the business environment in which these activities occur. The Board must be engaged on each issue that requires Board action. Each Board Governor must ensure he/she is briefed thoroughly on the facts and exercise due diligence and due care in deliberating on the issues. I have held Vice President or above positions in two very large companies over the past 20 years. I understand and have experienced the challenges of running a large business and the fiduciary responsibilities an officer or board member carries. I also understand what is required to successfully address those challenges. I will bring that expertise and experience to the USPS Board.

10. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges? How should the Board of Governors work with postal management to address these challenges?

The primary challenges facing USPS are those creating operational losses. This should also be the Board's top priority. Several provisions of S 1486 would positively address unique aspects of the USPS pension rules and health care benefits that seem to have a disproportionate impact on USPS operational costs. The Board must consider all options available to address these matters with the executive team. Streamlining operations and innovative technology solutions must all be a part of the Board and executive team's thought process. The Board and executive team must establish a clear set of priorities and achievable goals as part of the implementation plan.

11. What do you believe should be the respective roles and functions of the Postal Service Board of Governors and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

The Board's role should be to set the overall strategic direction of the USPS consistent with the law, USPS regulations and best interest of the American people. The Board should work with the executive team to understand what is realistically achievable strategically and set its strategic direction consistent therewith. USPS management is responsible for translating the strategy into

operational action with achievable objectives and appropriate measures in the process. The Board and management team can work together by assessing the talents of individual Board members and organize Board assignments consistent with member talents and expertise. The individual members can then be assigned to work with specific USPS functions to implement individual management strategic objectives.

12. The Governors are chosen to represent the public interest generally. How do you plan to interact with various stakeholders interested in postal issues and how do you think as a Governor you can effectively represent their interests?

One of the most compelling parts of being a USPS Board Governor is the duty and honor to represent the interest of the American public. It is a duty and honor I look forward to. I plan to interact with Congress as is the current custom and as required. Further, I plan to participate in any public forums held by USPS appropriate for Governor participation. I will respond personally to public inquiries through current processes and procedures. I will carry out the duties of the office without hesitation and with diligence and commitment.

13. As you are aware, the Postal Accountability and Enhancement Act of 2006 requires that by the end 2015, at least four members of the Board of Governors have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

It appears on the surface that the requirement may be too restrictive in that many qualified persons may not be considered for Board service because they have never managed an organization that met the size requirement. Many very large technology companies today have exceptionally qualified executives who do not have organizations of 50,000 employees or more. For example, Apple at one time the most valuable company in the world, only has 36,000 employees. A more appropriate requirement might be for a person to have had experience with enterprise-level responsibilities.

III. Policy Questions

Postal Reform and Financial Issues

14. The U.S. Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2013 with a net loss of \$5 billion. Further, the Postal Service reported a loss of \$354 million for the first quarter of FY2014 and \$1.9 billion for the second quarter.

- a. In your view, what is the Board of Governor's role in overseeing USPS's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

I believe the Board's role in overseeing USPS efforts to improve USPS financials is multiple. The Board should set meaningful objectives and measures for postal executive performance which should result in improved USPS financials. Another role of the Board is to ensure there is an appropriate strategy to achieve the objectives. These strategic objectives must be balanced with the obligation of universal service and other legal requirements. Innovation and technology partnerships provide food for thought in meeting both requirements.

- b. How does this differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

The PRC appears to be focused on setting reasonable rates consistent with the market and the needs of the general public. The Board is specifically focused on postal operations and providing the best service possible to its customers. Congress certainly has oversight responsibilities and must legislate such that the Board and PRC have the most conducive legal environment to meet the needs of the American people.

15. Volumes and revenues associated with letter mail and other products in the postal monopoly continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and other products outside of the postal monopoly has grown significantly in recent years.

- a. How can the Postal Service remain viable as letter mail volume declines?

While the letter mail volume is a very important revenue source for USPS, it is not the only source. As the package delivery market increases so can opportunities for increases in USPS package delivery volume and revenue. The USPS can remain viable by looking at innovative ways to leverage its substantial infrastructure and the ability to reach every American everyday to drive new lines of business, revenue and business partnerships that may not have been considered in the past.

- b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

It will be exciting to consider partnerships with major players in e-commerce leveraging the USPS vast facility infrastructure as a useful asset to ensure timely deliveries of packaged products sold on line. The current relationship with Amazon could lead to other relationships with "brick and mortar" retailers that likewise have growing online businesses.

- c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

USPS should continue advertising and making the American public and potential new business customers aware of the improved services, reliability and capability that the USPS possesses today. In today's environment brand often drives consumer spending. Continued focus on branding and customer service could pay big dividends with new business in traditional lines of business.

- d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

The USPS limitations should be such that the private sector entity is not unfairly disadvantaged in the marketplace. The USPS should not use its vast facility infrastructure to create mini retail outlets for various non-postal consumer goods and compete with those in the consumer goods market. That would be unfair to those in that market place. However, as for postal products and services, the USPS should have little restriction to compete with private entities in that market place.

- e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

The Board should work closely with the executive operations team to determine how best to address financial challenges. Appropriate long term targets have probably been established with interim goals and targets being periodically monitored.

- f. What is the Board's role and responsibilities in identifying opportunities for Postal Service to increase volume?

The Board should use its expertise and external contacts to make the USPS executive team aware of potential opportunities for increased postal services. While the Board is not responsible for the day-to-day

business, it can use its networks to support the executive team as the team may desire.

16. What are your views on the "universal service obligation" and the various delivery methods currently employed to carry out this mandate (e.g., six day delivery, the overnight delivery standards)? In other words, how do you view the current service standards and delivery frequency with respect to the obligation for service to every American?

I do believe that the USPS must serve all Americans. The "universal service obligation" is important to Americans personally as well as commercially. For example; many individuals depend on postal deliveries to receive life-saving medications where pharmacies are not available. An individual also may not have transportation or sufficient physical mobility to pick-up the required medication. Likewise, USPS is sometimes the only option for some remote small businesses that depend on the USPS to deliver product for resale or for use in their business. That USPS delivery may be keeping that small business in business. I do however, believe that a periodic review of service delivery standards is appropriate to continue to meet the public's current needs consistent with the universal service obligation.

17. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2013 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009 after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

The USPS Executive team is doing a great job creating a new modern USPS image. USPS should continue to improve its image and improve customer service. Further consideration of additional revenue or profit drivers with little or no investment based on current activities or facility infrastructure should be considered. For example; are there other revenue opportunities that could occur as part of the mail delivery process? Are there related uses of facilities we could consider?

18. On February 2, this committee approved S. 1486, the Postal Reform Act. The legislation attempts to address in a comprehensive way the financial, operational, and other challenges faced by the Postal Services and highlighted by GAO. Does this bill, in your view, adequately address the problems facing the Postal Service?

S. 1486 does a terrific job of addressing USPS pension and health benefit challenges which seem to be the two primary reasons for the USPS deficits. I certainly support the bill. There are many aspects that will provide the USPS

greater capability to address current financial challenges but also meet the current needs of the American public. This bill gives the Board greater flexibility when required to act quickly in the implementation of policy as the business environment changes.

19. In order to ensure the future financial viability of the Postal Service, the Postal Service needs to address its healthcare costs and future healthcare liabilities. To help achieve this goal, S. 1486 creates a new postal-only health program within the Federal Employee Health Benefits Program that would require Medicare-eligible postal annuitants to enroll in Medicare as a condition of their enrollment and provide postal annuitants with prescription drugs through a Medicare Part D Employee Group Waiver Plan (EGWP). This is in line with the current practices of other businesses that provide health coverage to their annuitants and will provide the Postal Service with significant savings. Do you believe it is appropriate to require Medicare-eligible postal annuitants to participate in Medicare?

On the face, the answer seems like it should be, yes. Many companies are requiring annuitants to use their Medicare benefits along with the company benefit. I believe USPS should consider the same. The test should be whether this approach provides the annuitant with essentially the same benefit or better.

20. There are differences of opinion about the privatization of the Postal Service. What are your views on privatization?

The postal service is already "semi-private," as it is intended to be self-sustaining as any other private business. However, the postal service is a unique asset to the American people that need only evolve to ensure it is providing appropriate value to our nation. I don't believe complete privatization of the USPS is appropriate. It is an asset of the American people that continues to add value to our individual lives each and every day.

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other capital investments it needs to make in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

The Board should review all USPS capital requirements and properly prioritize those capital expenditures. Such prioritization is easier said than done. A comprehensive study that includes regional senior executive input is critical to achieving a comprehensive view. I suspect that in most instances vehicle investment would be near the top of a capital investment priority list.

Postal Rates and New Products

22. One of the core principles of the Postal Accountability and Enhancement Act, which was enacted into law in 2006, was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing. In recent years, however, the restrictions on Postal Service pricing created by the rate cap have played a role in preventing the Postal Service from generating sufficient revenue to cover its costs.

- a. What is your opinion of the inflation-based rate cap as an approach to regulating postal rates?

An inflation based rate cap is a reasonable approach to provide price stability to customers who hopefully will encourage longer contracts and customer loyalty. That said, I need to understand the complete context of entering into such a contract before rendering an opinion on the value of that arrangement. Generally an inflation-based price cap has triggers that allow for increases when certain circumstances occur that are outside the seller's (USPS in this case) control. Maybe those triggers have been left out of the contracts or should be reconsidered going forward. There may be other limiting circumstances that impact this matter that I may not be privy to at this point but look forward to addressing as a member of the Board.

- b. What role should the Postal Regulatory Commission (PRC) play in studying and/or approving Postal Service pricing decisions?

The PRC plays an important role in postal product pricing which is consistent with their authority. The PRC should continue to focus on ensuring that the pricing of postal products and services are in line with market-driven prices for such products and services. A close relationship between PRC and the USPS Board and senior executives is also essential to give the PRC insight into business conditions that should impact postal product pricing.

23. With appropriate safeguards, S. 1486 would expand a provision in current law regarding the ability of the Postal Service to offer non-postal products.

- a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

The USPS should be able to offer non-postal products as contemplated by S. 1486 Section 302. The sale of non-postal products and services should support the strategic objectives of the greater USPS and the strategic objectives of the specific postal facility participating in such sale of non-postal products.

- b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

I believe the primary revenue producers for the USPS should be based on sales of USPS products and services. Offering non-postal products should be a supplemental offering to meet the needs of its customers or a gap in the commercially availability of the non-postal product in that area.

- c. How would you ensure the Postal Services does not unfairly compete with the private sector in selling non-postal products?

The USPS should ensure that a non-Postal product is offered when there is a demand for that product by the general public in the location of the sale which is not being adequately met by a private business. A review should be done prior to offering the non-postal product to avoid unfair competition with a private business.

24. How can the Postal Service better take advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

The USPS has a broad range of authorities as outlined by the Postal Reorganization Act that could be used to make the mail more appealing and valuable to customers and attract additional mail volume. For example, the Vice President and Chief Technology Officer could take advantage of emerging technologies to connect more effectively with customers and the sale of products on line. Continuous positive branding should be ongoing.

Facility Closings and Service Changes

25. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

The Board should be very involved in considering realignment of postal retail, mail processing networks and decisions around facility closures from an overall perspective. Clearly it should be a part of the Board's fiduciary duties. The details of running USPS operations should be the responsibility of the

USPS executives. The Board can add appropriate broader perspective to support the best decisions on these matters.

26. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

There are a number of very effective methods of communicating the various messages the USPS needs to convey regarding consolidation. Many if not most persons under 40 years of age use some form of social media. Facebook and Twitter are likely the most common social media venues. For those who are not using social media, weekly postal newsletters and mailings to employee homes is also effective. Customers will be exposed to television ads and e-mailings. Major customers may need personal visits.

27. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

Based on the GAO findings, alternate retail channels should certainly be explored. Online sales may also be viable for additional sales growth. This is another area where partnering with other companies where exposure through the third party company could mean additional USPS revenues.

28. In recent years, the Postal Service has proposed both the elimination of Saturday delivery of some classes of mail as well as changes to the overnight service standard.

- a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail to lower certain service standards?

The pros and cons need to be carefully weighed on this matter. With that said, the elimination of some classes of mail delivery on Saturday would likely have little impact on the general public but could provide meaningful cost savings. An alternative to Saturday delivery for certain classes of mail could be that customers could retrieve their undelivered mail on Saturday from a central distribution point on Saturday or wait until Monday. Certain types of mail could be exempt from no Saturday delivery but that needs additional dialogue to have a more definitive answer.

- b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm rural customers and are consistent with the Postal Service's universal service obligation?

The USPS has a series of standards that are considered prior to taking actions that may impact the broader customer and employee community. Meeting the needs of the American rural communities has long been a trademark of the USPS. I support that commitment as a priority in the resolution of any service changes. Postal managers of facilities serving rural communities should also be polled as to their views.

Workforce-Related Issues

29. The Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. Does the Postal Service have sufficient flexibility to adjust its workforce to changes in mail volume? If not, what additional flexibility is needed?

USPS needs the ability to use contract employees during peak workload periods. Managers need to staff up and staff down based on workload fluctuation. I'm not sure if that flexibility exists today under current authorities. If that flexibility does exist and is not generally used, the USPS executive team should carefully consider using contract workers during peak workloads.

30. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

The Board could support the executive team by creating "pipeline" programs within the USPS to identify high-potential employees and prepare them for the next level role. USPS can also tap into pipeline programs that currently exist in other nonprofit organizations who would like to partner with USPS so that USPS could have access to those persons.

31. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

I favor performance based pay systems as long as the performance criteria are fair and fairly applied to all employees consistently across the enterprise.

The Board can ensure the above is maintained by measuring performance against established objective as well.

32. The Postal Service is subject to Occupational Safety and Health Act workplace safety laws in the same manner as private-sector employers. How can the Board help ensure compliance with applicable workplace safety laws and encourage efforts to improve safety and reduce costs associated with workplace injuries?

The Board can assure OSHA compliance by holding the Postmaster General and senior management accountable for such compliance and supporting safety programs that may be established.

33. S. 1486 would require the Postal Service in the coming years to begin paying down its long-term workers compensation obligation. Do you agree with this approach in S.1486?

Paying down long-term debt is smart for any business as non-operational cash becomes available. It increases borrowing power and reduces interest payments from current revenue providing more working capital. Yes, I favor this approach.

34. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

I support a labor/management relationship that is trusting and transparent, where both management and labor understand the real concerns of both parties. Ultimately the interest of labor and management merge at having a healthy company. Neither party's interest is served if the company isn't healthy for the long term.

35. What is the Board's role in ensuring effective cooperation between postal management and Postal Service labor unions?

If confirmed as a member of the Board, I will better understand the USPS formal governance policies and practices to determine Board involvement in labor union matters. Generally, the Board would be there to support management to conclude a contractual arrangement that supported the needs of the employees and maintained a healthy company. Labor contract terms that have material impact on the enterprise (positive or negative) should include Board review.

Mail Safety and Security

36. What is your opinion of the Postal Service's current programs to manage risks posed by suspicious mail to enhance the safety and security of the mail?

While the USPS programs to handle suspicious packages are comprehensive, it could be made more visible to the public through traditional and online media. While I have reviewed some of the policies on line, I will continue to monitor this issue going forward.

37. What are the tradeoffs that should be considered to determine what actions the Postal Service should take to enhance the safety and security of the mail – for example, in terms of potential impacts on postal operations and service delivery?

There are no trade-offs when it comes to protecting human life. However, the USPS can build additional safety standards into normal mail processing activities. I will defer further response until further study and briefings from the USPS management.

38. What is your opinion about increasing the use of cluster boxes to improve security of the mail? Generally, what do you believe the Postal Service should do to ensure that businesses and residential customers use cluster boxes to an appropriate extent?

The issues around cluster boxes are different for every area/location. The right use of cluster boxes will depend on the specific needs and circumstances in that location. In my opinion, cluster boxes sometimes improve security and sometimes not. If an unsafe package is received by a cluster box it could theoretically impart everyone that is a part of that cluster in addition to the one person the delivery was intended to harm. On the other hand, it provides additional security in that it can be a controlled facility where dangerous packages would have more aggressive security measures to penetrate. Generally, I would support the use of cluster boxes in appropriate circumstances.

39. What steps should the Postal Service take to maintain trust and credibility with its employees and customers that the mail is safe? How can the Postal Service improve its response to hazardous incidents to ensure that appropriate safety procedures are understood and followed by all employees?

The USPS should continue to be transparent with the public and its employees regarding these matters. You can never be too safe when it comes to the health and well-being of our employees and customers. More advertising, telling people what is occurring to make sure that the mail is safe is important.

IV. Relations with Congress

40. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

I agree to respond to Congress as this question notes.

41. Do you agree, without reservation, to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

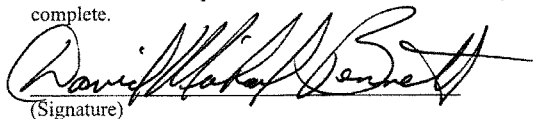
I agree to answer questions from the bodies of Congress that this question notes.

V. Assistance

42. Are these answers your own? Have you consulted with the Postal Board of Governors or any interested parties? If so, please indicate which entities.

The answers to all questions posed are my own answers and I have not consulted with any third parties.

I, David Michael Bennett, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.


(Signature)

This 10th day of July 2014

Senator Tom A. Coburn
Additional Questions for the Record (QFRs)
Nomination of David Michael Bennett to be a Governor, U.S. Postal Service
July 15, 2014

1. This Committee has formulated legislation to help restore the Postal Service to financial viability.

- a. Do you support this legislation?

Yes, in so far as S. 1486 provides for comprehensive postal reform, I would support it. While some stakeholders have expressed reservations or opposition to certain sections (and these views must be carefully considered), in my estimation the proper way to evaluate the bill is as a whole, and then evaluate whether it strengthens the USPS and its ability to meet the needs of the American people.

- b. The bill gives more authority to the Governors to direct the activities of the Postal Service. Do you think it is important that the Board of Governors be allowed to make business decisions vital to the future of the Postal Service?

I believe that it is vitally important that the Board of Governors have the flexibility to make the needed business decisions necessary for a healthy USPS future.

- c. With authority comes responsibility. In particular, the Governors have to make hard-headed business decisions. Why do you think you are prepared to make the kinds of hard decisions needed to save the Postal Service?

Tough times in a business require its leaders to make tough decisions for the future viability of the business. At the same time, leadership has to ensure that all decisions are consistent with an overarching strategy that is true to the foundational principals of the business. I have been in leadership positions at two large companies through two economic and market downturns, and each required strong, decisive leadership and decision making. Some unpopular leadership decisions were required, and I had to be innovative, thoughtful and action-oriented to address critical challenges. I learned that, most importantly, the leadership team has to be a cohesive team. While all viewpoints and perspectives must be considered, there is no room for dissent once a decision is made by the team. Our teams were able to do what was required as leaders to get the business through the tough times.

- d. How has your professional background prepared you to take on this job?

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I have been a business leader at the Vice President level or above for more than 20 years, all in large businesses. The types of challenges currently facing the USPS are similar to the challenges that I have faced and solved in my career. I have the experience as a business and technology leader to bring innovative solutions to the USPS challenges.

2. The Postal Service is supposed to be self-financing like a business, yet is still part of the federal government.

- a. In what ways should the Postal Service operate like a business, and in what ways should it operate like a government agency?

Congress has established that the Postal Service should provide its public service by relying solely on the sale of postage to support its operations. Given that structure, it is crucial that the Postal Service achieve net revenue that exceeds its expenses. If it does not, it will be unable to continue to serve the underlying operating principals and objectives that it was established to perform for the public interest. In this sense, its business-like attributes serve its government attributes and the two must be considered as whole, until such time as the Congress changes its fundamental structure.

- b. Do you think the current balance today tilts too far in either direction?

Given my experience in information technology, I appreciate how quickly the modern economy evolves. New products and market conditions can disrupt industries almost overnight, and to be successful, today's businesses must be innovative and nimble. In this regard, the regulatory regime that governs the Postal Service—which was instituted almost a decade ago or, in some instances, many decades ago—should be examined to provide more flexibility. Though I look forward to learning more specifics, many of the reforms proposed in S. 1486 seem to be reasonable and, in fact, standard business practices in private industry.

3. Are you open to the idea that the changing communication needs of Americans may provide an opportunity for a reduction of postal infrastructure?

I don't believe that changes in the way Americans communicate necessarily *require* a reduction in infrastructure, and I would be mindful that once major reductions occur, they are likely irreversible. Hasty reductions could damage long-term prospects to achieve only short-term savings. In thinking about reductions, I believe we should consider other revenue opportunities and examine all options. Would a reduction align with long-term plans and market trends? How would they impact the Postal Service's ability to fulfill its public

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objective? Has the Postal Service considered local input that addresses local needs before making final decisions?

4. Do you think it is prudent to have money set aside to meet future obligations that are being made today?

I do think it is prudent to set money aside or establish reserves for future needs of the business. Given that the USPS cannot borrow for capital expenditures as a private business can, and the given the expectation that falling First Class Mail volume will result in stagnant overall revenue growth, long-term planning for foreseeable liabilities is necessary. If nothing is done and, as predicted, revenue is stagnant but expenses continue to grow due to inflation, the Postal Service could find itself in a position where it cannot meet these future liabilities.

5. Do you think an arbitrator should be directed to consider the financial condition of the Postal Service in his or her decision?

It is my understanding that in the event of an impasse in reaching a collective bargaining agreement, the matter becomes subject to binding arbitration. In that process, the arbitrator will consider a variety of factors, one of which—I presume—would be the overall financial condition of the Postal Service and its ability to fulfill the terms of any contemplated decision. Whether this consideration is explicit or is undertaken in the general context of deciding a contract, a fair arbitration will consider this factor.

Senator Mark Begich
Additional Questions for the Record
Nomination of David Michael Bennett to be a Governor, U.S. Postal Service
July 15, 2014

1. What role do you see for the Bypass Mail program in continuing to provide rural Alaskans with universal service?

The bypass mail program meets a real need of rural Alaskan citizens who, like all Americans, are entitled to universal service. That said, the program is very challenging to understand and very complex and I look forward to studying it more closely. Though difficult, meeting the needs of citizens in areas with atypical transportation challenges is important and the Postal Service must continue to provide access to all Americans. That said, given USPS's dire financial situation we must also ensure that these needs are met in the most effective and efficient way possible. I believe in timely universal service for all citizens, including rural Alaskan citizens, and if confirmed, I will want to ensure that the bypass program provides the best method to allow timely service to that population at an appropriate cost.

2. Are you supportive of the Bypass Mail program and its mission?

I support universal postal service and the mission of the bypass mail program. I look forward to reviewing the program to ensure that rural Alaskans receive full and fair service.

3. What, if any, changes do you think should be made to the Bypass Mail program?

Given its complexity and its unique nature, it would be premature to suggest changes without more careful study. Given its importance to rural Alaskans, this should be a careful process that takes into account all perspectives and does not lose sight of the fact that, regardless of where they reside, all Americans are entitled to universal service.

REDACTED

HSGAC BIOGRAPHICAL QUESTIONS FOR EXECUTIVE NOMINEES

I. Basic Biographical Information

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
Name of Position	Date of Nomination
United States Postal Service Board of Governors	Feb. 12, 2014

<i>Current Legal Name</i>			
First Name	Middle Name	Last Name	Suffix
Victoria	Reggie	Kennedy	

<i>Addresses</i>					
Residential Address (do not include street address)			Office Address (include street address)		
			Street:		
City: Boston	State: MA	Zip: 02116	City:	State:	Zip:

<i>Other Names Used</i>						
First Name	Middle Name	Last Name	Suffix	Check if Matches Name	Name Used From (Month/Year) (Check box if estimate)	Name Used To (Month/Year) (Check box if estimate)
Victoria/Vicki	Anne	Reggie		✓	Est. 02/1954 07/1990	Est. 11/1980; and, 07/1992
Victoria	Reggie	Raclin			Est. 11/1980	Est. 07/1990
Vicki	Anne	Reggie		✓	2/1954	11/80

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1954	Lafayette, LA

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married <input type="checkbox"/>	Married <input type="checkbox"/>	Separated <input type="checkbox"/>	Annulled <input type="checkbox"/>	Divorced <input checked="" type="checkbox"/>	Widowed <input checked="" type="checkbox"/>
(1 st Marriage)					

<i>Spouse's Name</i> (current spouse only)			
Spouse's First Name	Spouse's Middle Name	Spouse's Last Name	Spouse's Suffix
Edward	Moore	Kennedy	Sr. (deceased)

<i>Spouse's Other Names Used</i> (current spouse only)						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
					Est	Est
					Est	Est

<i>Children's Names (if over 18)</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
Grier	Curran	Raclin	Jr.
Caroline	Reggie	Raclin	

2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/ extension/online school)	<u>Date Began</u> <u>School</u> (month/year) (check box if estimate)	<u>Date Ended</u> <u>School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Newcomb College of Tulane University	College	Est 08/1972	Est Present 05/1976	B.A.	05/1976
Tulane University School of Law	Law School	Est 08/1976	Est Present 05/1979	J.D.	05/1979
		Est 05	Est Present 05 05		
		Est 05	Est Present 05 05		

3. Employment

(A) List all of your employment activities, including unemployment and self-employment. If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

Type of Employment (Active Military Duty Station, National Guard/Reserve, U.S.P.H.S. Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self- employment), Other	Name of Your Employer/ Assigned Duty Station	Most Recent Position Title/Rank	Location (City and State only)	Date Employment Began (month/year) (check box if estimate)	Date Employment Ended (month/year) (check box if estimate) (check "present" box if still employed)
Law Clerk	Hon. Robert A. Sprecher, U.S. Court of Appeals, 7 th Circuit	Law Clerk	Chicago, IL	Est. <input type="checkbox"/> 09/1979	Est. <input type="checkbox"/> 08/1980
Associate Attorney	Mayer, Brown and Platt	Associate Attorney	Chicago, IL	Est. <input type="checkbox"/> 09/1980	Est. <input type="checkbox"/> Summer 1981
Associate Attorney	Caplin and Drysdale	Associate Attorney	Washington, DC	Est. <input type="checkbox"/> Fall 1981	Est. <input type="checkbox"/> Spring 1984
Attorney	Broadhurst Brook	Partner	Washington, DC	Est. <input type="checkbox"/> Spring 1984	Est. <input type="checkbox"/> Summer 1987
Attorney	Smith, Raclin and Hirasuna	Managing Partner	Washington, DC	Est. <input type="checkbox"/> Summer 1987	Est. <input type="checkbox"/> Fall 1989
Attorney	Keck, Mahin and Cate	Equity Partner	Washington, DC	Est. <input type="checkbox"/> Fall 1989	Est. <input type="checkbox"/> Spring 1994
Unemployed				Est. <input type="checkbox"/> Spring 1994	Est. <input type="checkbox"/> Spring 1995
Attorney	Greenberg Traurig	Of Counsel	Washington, DC	Est. <input type="checkbox"/> Spring 1995	Est. <input type="checkbox"/> 02/1997
Unemployed				Est. <input type="checkbox"/> 02/1997	Est. <input type="checkbox"/> 12/2009
Self-employed			Boston, MA	01/2010	Present <input checked="" type="checkbox"/>
Consultant	VR Kennedy Strategies LLC	Consultant; Owner; Chief Exec.	Washington, DC	Est. <input type="checkbox"/> 12/2013	Present <input checked="" type="checkbox"/>
Other	Houlihan Lokey	Advisory Board Member	Meetings in New York	10/2012	Present <input checked="" type="checkbox"/>

(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

None.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
		Est 11	Est Present 11 12

4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

In connection with the nomination process, I consulted with the Office of Government Ethics and the Postal Service Board of Governors' (PSBG) Designated Agency Ethics Official (DAEO) to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I entered into with PSBG's DAEO and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

I volunteered to support the passage of the Patient Protection and Affordable Care Act. I met with members of Congress and strategized with staff after the death of my husband, Senator Edward Kennedy.

During my husband's life, I worked and strategized with him on an informal basis on various matters of legislation and public policy, all in connection with his work.

I have also been an advocate for gun violence prevention for many years. I was a member of the Board of the Brady Center for the Prevention of Gun Violence for 10 years and worked on public policy, education, and strategy. I did not lobby. I have, however, signed fundraising solicitation letters for the organization since I retired from the board in about 2007.

I met in May 2013 with members of the White House staff to strategize about making progress on universal Pre-K.

5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

At Newcomb College, I graduated magna cum laude and was elected to membership in Phi Beta Kappa. I also was inducted into additional honor societies: Alpha Lambda Delta (Newcomb freshman honor society); Psi Chi (psychology); and Kappa Delta Pi (education).

At Tulane Law School, I graduated summa cum laude and was ranked second in my law school class. I was inducted into the Order of the Coif honor society and was an editor of the Tulane Law Review, and served as the Notes Editor for a year.

I have received the following honorary degrees:

- Montclair State University; Honorary Doctor of Laws; Montclair, NJ; 2012
- Boston University; Honorary Doctor of Laws; Boston, MA; 2011
- Northeastern University; Honorary Doctor of Public Service; Boston, MA; 2010
- University of Massachusetts Boston; Honorary Doctor of Laws; Boston, MA; 2010
- Lesley University; Honorary Doctor of Laws; Boston, MA; 2010
- Emmanuel College; Honorary Doctor of Laws; Boston, MA; 2010
- Suffolk University Law School; Honorary Doctor of Laws; Boston, MA; 1998

I have also received numerous civic honors and accolades throughout the years. Some of the more notable ones include the 2013 Betty Ford Lifetime Achievement Award from Susan G. Komen and awards for civic engagement from Cedars-Sinai Woman, Los Angeles, CA, 2013 (Woman of the Century); South Shore Hospital, Quincy, MA, 2012 (Luminaria Medal), Massachusetts Community Health Centers, 2011; Massachusetts Mental Health Association, Boston, MA, 2011 (Leadership Award); We are Boston, Boston, MA 2011 (Leadership Award); National Mother's Day Committee, New York, NY, 2010 (Mother of the Year).

6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years.

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>
DC Bar Association	1984 to present (est.)	Member
Louisiana Bar Association	1979 to present	Member
Belizean Grove	2013 to present	Member
The Brady Center to Prevent Gun Violence, Washington, DC	1997 to 2007	Board of Directors
Common Sense About Kids and Guns, Washington, DC	1999 to 2012	Co-Founder, Founding President
Stop Handgun Violence	1999 to 2003 (est.)	Board of Directors
Museum of Fine Arts, Boston, MA	2005 to present (est.)	Patron, Board of Overseers
John F. Kennedy Center for the Performing Arts, Washington, DC	2009 to present	Board of Trustees
Edward M. Kennedy Institute for the United States Senate, Boston, MA	2003 to 2008 2010 to present 2011 to present	Co-Founder; Director Director President of the Board
Edward M. Kennedy Oral History Project, Miller Center, University of Virginia, Charlottesville, VA	2006 to present (est.)	Member
National Leadership Roundtable on Church Management, Washington, DC	2009 to present	Board of Directors
Catholic Democrats, Boston, MA	2009 to 2012	Board of Directors
Boston Red Sox Foundation Home Base Program	2010 to present	Board of Advisors
Hyannis Port Yacht Club	1992 to present	Member
Houlihan Lokey	2012 to present	Advisory Board
UMass Boston	2011 to present	Distinguished Professor and Mentor
Catholics for Obama	2008 and 2012	National Co-Chair
Reggie DBR Trust	2005 to present	Board of Trustees
Reggie Crescent Trust	2005 to present	Board of Trustees
National Commission on Political Reform, Bipartisan Policy Center	2013 to present	Commissioner
Victoria R. Kennedy Trust)	2006 to present	Trustee

7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

No.

<u>Name of Office</u>	<u>Elected/Appointed/ Candidate Only</u>	<u>Year(s) Election Held or Appointment Made</u>	<u>Term of Service (if applicable)</u>

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

<u>Name of Party/Election Committee</u>	<u>Office/Services Rendered</u>	<u>Responsibilities</u>	<u>Dates of Service</u>
Obama-Biden 2008	Co-Chair Catholics for Obama	Surrogate and GOTV	2008
Obama-Biden 2012	Co-Chair Catholics for Obama	Surrogate and GOTV	2012
Note: I have campaigned for and raised money for numerous political candidates and campaigns, but I did not have formal affiliations with any campaigns.			

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

<u>Name of Recipient</u>	<u>Amount</u>	<u>Year of Contribution</u>
Steve Kerrigan for Lieutenant Governor	\$500	2014
OFA	\$375	2014
John Foust for Congress through ACT Blue	\$1,000	2014
Debbie Dingell for Congress	\$1,000	2014
Joe Kennedy III	\$1,000	2014
Bobby Shriver for LA County Supervisor	\$300	2014
Clay Pell for Governor	\$500	2013
Organizing for Action	\$250	2013
Edward Markey Senate Committee through ACTBlue	\$2,500	2013
Edward Markey Senate Committee through ACTBlue	\$2,600	2013
Edward Markey Senate Committee	\$100	2013
Organizing for America	\$375	2013

Obama for America	\$2,500	2012
Obama for America	\$2,300	2012
Obama Victory Fund 2012	\$5,000	2012
Obama Victory Fund 2012/DNC	\$450	2012
Obama Victory Fund 2012/DNC	\$375	2012
Obama for America	\$50	2012
Sheldon Whitehouse Senate Committee	\$1,000	2012
Joe Kennedy III Committee (through ACTBlue)	\$2,500	2012
Joe Kennedy III Committee (through ACTBlue)	\$2,500	2012
Joe Goodwin Committee for State Senate	\$1,000	2012
Montana Democratic Central Committee	\$5,000	2012
Emerge Massachusetts	\$1,000	2012
Democratic Congressional Campaign Committee	\$1,000	2011
Democratic Congressional Campaign Committee	\$1,000	2011
Obama for America	\$50	2011
Obama for America	\$50	2011
Obama for America	\$50	2011
Together PAC	\$5,000	2011
Steve Grossman for Treasurer Committee	\$500	2010
Democratic Congressional Campaign Committee	\$5,000	2010
Chris Dodd for President	\$2,300 (returned)	2010
Friends of Chris Dodd	\$2,400	2009
Friends of Chris Dodd	\$2,400	2009

8. Publications and Speeches

I have done my best to identify titles, publishers and dates of books, articles, reports or other published materials, speeches, and testimony, including a thorough review of my personal files and searches of publicly available electronic databases. Despite my searches, there may be other materials I have been unable to identify, find, or remember. I have located the following:

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

Title	Publisher	Date(s) of Publication
Op-Ed, <u>Washington Can Be Fixed</u> (Co-Authored with Sen. Olympia Snowe)	<i>The Boston Globe</i>	03/26/2014
Op-Ed, <u>Public Service, A Noble Calling</u> (Co-Authored with Karen Hughes)	<i>Philadelphia Inquirer</i>	07/24/2013
Op-Ed, "Question 2 Insults Kennedy's Memory"	<i>Cape Cod Times</i> and other Massachusetts newspapers	10/27/2012
Op-Ed, "The Moment He Would Not Want to Lose"	<i>The Washington Post</i>	12/20/2009
Op-Ed, "The Altar is Not a Battlefield"	<i>The Washington Post</i>	5/23/2004
Letter to Ann Landers – Ann Landers Syndicated Columnist	Creators Syndicate, Inc. Syndicated Column	11/20/2001
Letter to Ann Landers – Common Sense Rules on Children and Guns	Creators Syndicate, Inc. Syndicated Column	12/12/1999
Case Note "Property – Ex Parte Expropriation in Louisiana (Dept. of Highways v. Jeanerette Lumber and Shingle Co., La 1997)"	53 Tulane Law Review	12/1978
Case Note "Family Law – Unmarried Couples May Contract for Community Property Regime (Marvin v. Marvin, Cal. 1976)"	52 Tulane Law Review	12/1977

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

I have delivered no speeches relevant to the position for which I'm being nominated.

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>

(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.

I have delivered numerous commencement speeches and keynote addresses, particularly over the last four years. After reviewing my files, records, calendars and the public record, I have compiled the following list. This list does not include eulogies, introductions of speakers, or political rallies and the like. The list also does not include impromptu or off the cuff remarks I might have delivered at various community events over the years.

<u>Title</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Acceptance Speech (for award posthumously given to Senator Edward Kennedy)	UNHCR Nansen Refugee Award Ceremony Washington, DC	October 29, 2009
Acceptance Speech (for award posthumously given to Senator Edward Kennedy)	2009 MA Firefighter of the Year Ceremony Worcester, MA	December 1, 2009
Keynote Address	Women's History Month University of Louisiana at Lafayette Lafayette, LA	March 31, 2010
Featured Speaker	One Year Anniversary of the Edward M. Kennedy Serve America Act Service Nation Washington, DC	April 21, 2010
Special Remarks	Dedication of the Edward M. Kennedy Health Services Academy Boston, MA	April 25, 2010
Keynote Address	Worcester Community Action Council, Worcester, MA	April 28, 2010
Commencement Address	University of Maryland College Park, MD	May 20, 2010
Special Remarks on Palliative Care	Schwartz Center Boston, MA	May 26, 2010

Keynote Address	Massachusetts Military Heroes Boston, MA	May 27, 2010
Commencement Address	Harwich High School Harwich, MA	June 13, 2010
Acceptance Speech (for award posthumously given to Senator Edward Kennedy)	Tipperary Peace Convention Tipperary, Ireland	June 19, 2010
Keynote Address	Patient Advocate Foundation Washington, DC	June 30, 2010
Keynote Address	Brain Tumor Research Columbus, Ohio	October 10, 2010
Keynote Address	Citizen Naturalization Ceremony Boston, MA	October 12, 2010
Keynote Address	St. Barnabas Medical Center Foundation West Orange, NJ	October 27, 2010
Keynote Address	ABCD Dinner Boston, MA	October 29, 2010
Morning Address	6 th Annual MA Conference for Women Boston, MA	December 9, 2010
Keynote Address	We Are Boston Gala Boston, MA	December 10, 2010
Keynote Address	MLK Center Salute to Greatness Awards Dinner Atlanta, GA	January 15, 2011
Keynote Address	National Association of Community Health Centers Annual Meeting Washington, DC	March 23, 2011
Keynote Address	Massachusetts Service Alliance 20 th Anniversary Boston, MA	March 24, 2011
Keynote Address	Groundbreaking for the Edward M. Kennedy Institute for the U.S. Senate Boston, MA	April, 8, 2011
Keynote Address	Mary Horrigan Connors Center for Women's Health – Brigham and Women's Hospital Boston, MA	April 26, 2011
Keynote Address	International Women Refugee Committee Boston, MA	April 27, 2011

Featured Speaker	Bay Path College Women's Conference Springfield, MA	April 29, 2011
Keynote Address	Adagio Health Center Pittsburgh, PA	May 19, 2011
Commencement Address	Boston University School of Social Work Boston, MA	May 20, 2011
Speaker	Massachusetts League of Community Health Centers Boston, MA	June 3, 2011
Keynote Address	25 th Anniversary of Dedication of Great Point Lighthouse Nantucket, MA	September 1, 2011
Featured Speaker	10 th Anniversary of 9/11 Logan Airport Boston, MA	September 11, 2011
Keynote Address	10 th Anniversary of 9/11 Massachusetts State House Boston, MA	September 11, 2011
Keynote Address	75 th Anniversary of the Boston College School of Social Work Boston, MA	September 14, 2011
Keynote Address	Brain Tumor Research Chicago, IL	October 14, 2011
Keynote Address	Wendt Center Washington, DC	November 9, 2011
Keynote Address	Let's Talk Entertainment Denver, CO	February 13, 2012
Forum Discussion	Hebrew Senior Life Palm Beach, FL	March 1, 2012
Featured Speaker	Ignatian Solidarity Network Boston, MA	April 24, 2012
Keynote Address	American Hospital Association Annual Meeting Washington, DC	May 7, 2012
Keynote Address	South Shore Hospital Quincy, MA	May 12, 2012
Commencement Address	Montclair State University Montclair, NJ	May 18, 2012
Commencement Address	Boston College Law School Boston, MA	May 25, 2012

Keynote Address	Massachusetts Bar Association Boston, MA	May 31, 2012
Commencement Address	Berkshire Community College Pittsfield, MA	June 1, 2012
Featured Speaker	Uniting for An AIDS Free Generation Kennedy Center Washington, DC	July 21, 2012
Featured Speaker	Work, Inc. JFK Library Boston, MA	August 2, 2012
Featured Speaker	Suffolk Law School Alumni Dinner Boston, MA	September 28, 2012
Featured Speaker (discussing <i>True Compass</i> by Senator Edward Kennedy)	University Club New York, NY	February 5, 2013
Keynote Address	Guidance Center Annual Gala Cambridge, MA	April 11, 2013
Keynote Address/Woman of the Year Award	Cedars-Sinai Hospital Beverly Hills, CA	May 3, 2013
Commencement Address	Boston Collegiate Charter School Dorchester, MA	June 7, 2013
Panel Discussion on Public Service	Bi-Partisan Policy Center Commission of Political Reform Philadelphia, PA	July 22, 2013
Convocation Address	College of St. Elizabeth's Madison, NJ	September 11, 2013
Featured Speaker	20 th Anniversary of Americorps Washington, DC	September 20, 2013
Betty Ford Lifetime Achievement Award Speech	Susan G. Komen Gala Washington, DC	September 20, 2013
Keynote Address	25 th Anniversary of City Year Boston, MA	September 22, 2013
Panel Discussion on Electoral Reform	Bi-Partisan Policy Center Commission of Political Reform Columbus, Ohio	October 14, 2013
Panel Discussion on Congressional Reform	Bi-Partisan Policy Center Commission of Political Reform Boston, MA	March 26, 2014

9. Criminal History

Since (and including) your 18th birthday, has any of the following happened?

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you?
(Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs)

No.

- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?

No.

- Have you been charged, convicted, or sentenced of a crime in any court?

No.

- Have you been or are you currently on probation or parole?

No.

- Are you currently on trial or awaiting a trial on criminal charges?

No.

- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?

No.

If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).

A) Date of offense:

- a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
- 2) Firearms or explosives: **Yes / No**
- 3) Alcohol or drugs: **Yes / No**

D) Location where the offense occurred (city, county, state, zip code, country):

- E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**
- 1) Name of the law enforcement agency that arrested/cited/summoned you:
 - 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
 - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense.
 - 3) If no, provide explanation.
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

10. Civil Litigation and Administrative or Legislative Proceedings

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

No.

<u>Date Claim/Suit Was Filed or Legislative Proceedings Began</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

I resigned my partnership in the law firm Keck, Mahin and Cate in 1994. In approximately 1997, the law firm was placed in or filed for Chapter 7 bankruptcy. The bankruptcy was converted to a Chapter 11, but the firm ultimately closed. The case was Keck Mahin and Cate chapter 11 bankruptcy proceedings, Case No. 97 B 38580 (U.S. Bankruptcy Ct for the N. Dist. of IL). I was not a partner at the time of the filing and was not a party in the litigation.

During the course of the bankruptcy proceeding, the former partners like me were given the option of making a safe harbor payment into a fund to avoid being drawn into the bankruptcy proceeding by the firm's creditors. I, along with most of the former partners of the firm who had resigned before a certain date, made payment into the fund. My payment was not more than \$25,000.

<u>Date Claim/Suit Was Filed</u>	<u>Court Name</u>	<u>Name(s) of Principal Parties Involved in Action/Proceeding</u>	<u>Nature of Action/Proceeding</u>	<u>Results of Action/Proceeding</u>

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

I was not alleged to have taken or omitted to have taken any actions.

11. Breach of Professional Ethics

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No.

<u>Name of Agency/Association/ Committee/Group</u>	<u>Date Citation/Disciplinary Action/Complaint Issued/Initiated</u>	<u>Describe Citation/Disciplinary Action/Complaint</u>	<u>Results of Disciplinary Action/Complaint</u>

(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?

No.

12. Tax Compliance

(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

14. Lobbying

In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).

No.

15. Outside Positions

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.

Name of Organization	Address of Organization	Type of Organization (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	Position Held	Position Held From (month/year)	Position Held To (month/year)

16. Agreements or Arrangements

☒ See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for:
(1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred

compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

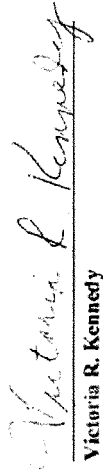
17. Additional Financial Data

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

REDACTED

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.


Victoria R. Kennedy

This 23rd day of April, 2014.

REDACTED



United States
Office of Government Ethics
 1201 New York Avenue, NW, Suite 500
 Washington, DC 20005-3917

FEB 21 2014

The Honorable Thomas R. Carper
 Chairman
 Committee on Homeland Security
 and Governmental Affairs
 United States Senate
 Washington, DC 20510

Dear Mr. Chairman:

Under the Ethics in Government Act of 1978, Presidential nominees requiring Senate confirmation who are not expected to serve in their Government positions for more than 60 days in a calendar year are not required to file public financial disclosure reports. The Act, as amended, however, contains a provision in section 101(b) that allows the committee with jurisdiction to request any financial information it deems appropriate from the nominee.

We understand that your committee desires to receive a financial disclosure report (OGE Form 278) from any Presidential nominee for a position on the Board of Governors of the United States Postal Service, along with a written opinion from this Office regarding any possible conflicts of interest.

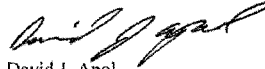
Therefore, I am forwarding a copy of the financial disclosure report of Victoria R. Kennedy, who has been nominated by President Obama for the position of a Governor on the Board of Governors, United States Postal Service. Because the nominee is not expected to serve more than 60 days in any calendar year, the enclosed report and this letter are submitted to you in accordance with your committee's confirmation procedures and will be available for public inspection only to the extent provided by your practices. There is no authority under the Act for public release of this material by the executive branch.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

The Honorable Thomas R. Carper
Page 2

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

A handwritten signature in black ink, appearing to read "David J. Apol", written in a cursive style.

David J. Apol
General Counsel

Enclosures

REDACTED

Victoria R. Kennedy

February 6, 2014

Jessica Y. Brewster-Johnson
Acting Designated Agency Ethics Official
Acting Associate General Counsel and Chief Ethics Officer
U.S. Postal Service
475 L'Enfant Plaza, SW
Washington, DC 20260-1100

Dear Ms. Brewster-Johnson:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed as a Member of the Board of Governors of the United States Postal Service.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

If I am confirmed for the position of Member of the Board of Governors, I will divest my interests in United Parcel Service of North America, Inc., within 90 days of my confirmation. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I am a Member of the consulting firm of VR Kennedy Strategies LLC. In my role as Governor, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of the firm, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). In addition, in my role as Governor, I will not participate personally and substantially in any particular matter involving specific parties in which a client of mine is a party or represents a party, for a period of one year after I last provided service to that client, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I will retain the following unpaid positions with the following entities: Trustee, John F. Kennedy Center for the Performing Arts; Member of the Board of Overseers, Museum of Fine Arts; Director and President of the Board, Edward M. Kennedy Institute for the

United States Senate; Member of the Board, National Leadership Roundtable on Church Management; Professor and Distinguished Mentor, University of Massachusetts; Trustee, Reggie DBR Trust; Trustee, Reggie Crescent Trust; Trustee, 18 Gardner Trust; Trustee, Boheme Properties Nominee Trust; and Commissioner, National Commission on Political Reform. In my role as Governor, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the interest of any of these organizations, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1) or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

I also will retain my paid position as an Advisory Board Member with Houlihan Lokey, Inc. In my role as Governor, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my compensation from Houlihan Lokey, Inc., unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1). I also will not participate personally and substantially in any particular matter involving specific parties in which Houlihan Lokey, Inc., is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I will retain my unpaid positions with the following entities: Advisory Board Member, Edward M. Kennedy Oral History Project; and Advisory Board Member, Boston Red Sox Foundation Home Base Program. In my role as Governor, I will not participate personally and substantially in any particular matter involving specific parties in which the Edward M. Kennedy Oral History Project or the Boston Red Sox Foundation Home Base Program is a party or represents a party, unless I am authorized to participate in the matter, pursuant to 5 C.F.R. § 2635.502(d).

I have been advised that I will likely serve on the Board of Governors for no more than 60 days in any period of 365 consecutive days. Accordingly, I understand that I may not, under 18 U.S.C. §§ 203(c)(1) and 205(c)(1), provide any representational services or act as agent or attorney for another in any particular matter involving specific parties in which I have participated personally and substantially as a government official. I also understand that I may not receive a share of any payment made for such representational services performed by another. I understand that additional requirements of 18 U.S.C. §§ 203(c)(2) and 205(c)(2) will apply to me if I serve for more than 60 days in any period of 365 consecutive days. In that event, I will comply with all applicable requirements, and I will consult your office if I have any questions about those requirements.

I have been advised that it is the Postal Service's position that an appearance of impropriety may be created by my holding any financial interests in its competitors, i.e., companies that deliver mailable matter outside the U.S. mails (e.g. Federal Express, United Parcel Service, DHL, etc.). I agree that during my service as a member of the Board of Governors, I will not invest in any company that directly competes with the U.S. Postal Service (e.g. Federal Express, United Parcel Service, DHL, etc.).

Finally, I will recuse myself from participation on a case-by-case basis in any particular matter involving specific parties in which I determine that a reasonable person with

knowledge of the relevant facts would question my impartiality in that matter, unless I am first authorized to participate, pursuant to 5 C.F.R. part 2635, subpart E.

Sincerely,

Victoria R. Kennedy

Victoria R. Kennedy

**U.S. Senate Committee on Homeland Security and Governmental Affairs
Pre-hearing Questionnaire
For the Nomination of Victoria Reggie Kennedy to be
Governor of the United States Postal Service**

I. Nomination Process and Conflicts of Interest

1. Why do you believe the President nominated you to serve as a Governor of the United States Postal Service ("USPS" or "Postal Service")?

I am very honored to be nominated. While I can't speak for the President or his Administration in terms of reasons or motivation, I do meet the qualifications set forth in the statute. I will represent the public interest and have experience in the field of law. I also have significant experience in the area of public policy.

2. What specific background and experience affirmatively qualifies you to be a Governor of the Postal Service?

I am an attorney, experienced in working and representing clients in a heavily regulated environment. In the private practice of law, I have represented federally insured depository institutions undergoing serious financial challenges requiring mergers, recapitalizations and restructuring. I also have represented both banks and borrowers in restructuring large loan transactions. I serve on several non-profit boards and a for profit advisory board. If confirmed, I believe that this experience would be beneficial in my understanding and grappling with the financial challenges facing the USPS and would allow me to make a worthwhile contribution to the Board of Governors as it seeks to develop long-term plans to address the financial problems facing the USPS.

In addition, I have extensive experience with the workings of our government and have been involved with public policy issues ranging from banking to labor issues to healthcare to the working of the United States Senate, among other things. If I am confirmed, I believe that all of these experiences will be beneficial to my ability to address the myriad complex issues facing the USPS.

3. Were any conditions, express or implied, attached to your nomination? If so, please explain.

No.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Governor? If so, what are they, and to whom were the commitments made?

No.

5. If confirmed, are there any issues from which you would have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures and/or criteria that you will use to carry out such a recusal or disqualification.

There are no issues that I know of at this time from which I would have to recuse or disqualify myself.

II. Role and Responsibilities of a Governor of the United States Postal Service

6. If confirmed, what specific contributions do you hope to make during your time on the Board of Governors.

If confirmed, I hope to bring sound judgment, strategic insight and critical thinking to my work on the Board. Please also see my answer to Question 2.

7. The Postal Board of Governors (the Board) is responsible for directing the powers of the Postal Service, including its financial, accounting, and operational functions. How have your professional experiences provided you with the necessary business skills to effectively govern the Postal Service?

If confirmed, I will bring all of my experience and skills to my Board service. As stated in response to Question 2, I have extensive past experience representing heavily regulated depository institutions such as commercial banks and savings and loan associations. Understanding the business and financial operation of the institutions was key to my representation. The same was true of my work in restructuring complex loan transactions on behalf of both borrowers and banks.

Additionally, I am the co-founder and President of the Board of a start up non-profit and have been instrumental in raising capital as well bond financing for building construction. I am on other non-profit boards and a for-profit investment banking advisory board that keep me in touch with the best and the brightest business minds and cutting edge business ideas.

I also have significant experience in public policy, both from an issues point of view and from a broader procedural point of view.

8. What do you see as the principal mission of the Board? What do you see as its principal responsibilities?

The Postal Service website has a good description of the mission and responsibilities of the Board:

"The Board directs the exercise of the powers of the Postal Service, directs and controls its expenditures, reviews its practices, conducts long-range planning and sets policies on all postal matters. The Board takes up matters such as service standards, capital investments and facilities projects exceeding \$25 million. It also approves officer compensation."

The Board of Governors also selects and evaluates and oversees the Postmaster General and the Deputy Postmaster General.

9. What do you believe are the functions and responsibilities of an individual Governor? What in your training and experience demonstrates your qualifications to fulfill these functions and responsibilities?

An individual governor must exercise her fiduciary duty and act in the public interest in exercising the responsibilities described in the answer to Question 8 above. I have advised officers and directors in my legal practice, I have served on governance committees of boards, I understand the role of a director, and I feel the role of a Governor in this instance is very similar.

10. What do you see as the main challenges facing the Postal Service? What do you believe should be the Board's top priorities in meeting those challenges? How should the Board of Governors work with postal management to address these challenges?

If confirmed, I have every expectation of working with the other members of the Board of Governor, management and other interested and other interested parties to improve the financial stability of the USPS. I do not yet have sufficient information to know what the top priorities should be, but, if confirmed, I look forward to hearing all points of view.

11. What do you believe should be the respective roles and functions of the Postal Service Board of Governors and the Postal Service management? How do you believe the Board and management can best work together to meet the challenges facing the Postal Service?

The roles and functions of the Board of Governors and management are set forth in the statute. The Board sets policy, has responsibility for oversight, financial and otherwise, and long range planning, while management executes policy and conducts day-to-day operations. As stated in the answer to Question 8:

“The Board directs the exercise of the powers of the Postal Service, directs and controls its expenditures, reviews its practices, conducts long-range planning and sets policies on all postal matters. The Board takes up matters such as service standards, capital investments and facilities projects exceeding \$25 million. It also approves officer compensation.”

I do believe the Board oversight and evaluation is important and that procedures should be put in place to assure that all stakeholders and their points of view are considered in setting policy. The public interest must be served.

12. The Governors are chosen to represent the public interest generally. How do you plan to interact with various stakeholders interested in postal issues and how do you think as a Governor you can effectively represent their interests?

I believe in dialogue and listening to all points of view. If confirmed, I intend listen to as many perspectives as practicable and to encourage my fellow governors to do the same. The USPS is vitally important in my judgment, and I believe in serving the public interest by listening to the points of view of the public, including mailers, unions, members of congress, customers and others.

13. As you are aware, the Postal Accountability and Enhancement Act of 2006 requires that by the end 2015, at least four members of the Board of Governors have experience managing an organization of 50,000 employees or more. What are your views on this requirement for appointment to the Board of Governors?

I believe that managers of large organizations can bring great skills and experience to the table, and those skills and experience can be very beneficial. Whether such a large percentage of the Board needs to have the exact same experience is probably open to debate. In other private Boards on which I've served, a broader diversity of experience is often thought to be beneficial. So, for example, perhaps an entrepreneur who founded an innovative technology company, perhaps even one that disrupted the status quo, might be a good candidate, even though that person had not managed 50,000 people.

In any event, the law is in place, and I believe in following the law.

III. Policy Questions

Postal Reform and Financial Issues

14. The U.S. Postal Service continues to experience volume and revenue losses. The Postal Service ended Fiscal Year (FY) 2013 with a net loss of \$5 billion. Further, the Postal Service reported a loss of \$354 million for the first quarter of FY2014 and \$1.9 billion for the second quarter.

- a. In your view, what is the Board of Governor's role in overseeing USPS's efforts to improve its financial condition and to increase postal revenue and cut costs, while also meeting its universal service obligations and other statutory requirements?

I believe the Board of Governors is obligated to direct and control expenditures of the USPS, review its practices and conduct long-range planning. It is also responsible for working to assure that the USPS can meet its universal service obligations and its other statutory requirements.

While the day-to-day operations are and should be left to senior management, the Board has the fiduciary obligation to develop long-term plans to protect the public interest and return the USPS to financial sustainability.

- b. How does this differ from the role of the Postal Regulatory Commission (PRC) or the role of Congress?

As I currently understand the different roles, neither Congress nor the PRC are theoretically responsible for the daily operational management of the USPS. The PRC is responsible for setting and approving rates. Its website states that the Postal Accountability and Enhancement Act of 2006 "requires the Commission to develop and maintain regulations for a modern system of rate regulation, consult with the Postal Service on delivery service standards and performance measures, consult with the Department of State on international postal policies, prevent cross-subsidization or other anticompetitive postal practices, promote transparency and accountability, and adjudicate complaints."

In contrast, the Board of Governors has the fiduciary responsibility to ensure the financial health of the USPS and to protect the public interest.

Congress passes laws and has oversight responsibilities. Through legislation, Congress ultimately determines the roles of both the PRC and the Board of Governors.

15. Volumes and revenues associated with letter mail and other products in the postal monopoly continue to decline, and First-Class Mail in particular is projected to significantly decline over the next decade. At the same time, the volume of packages and other products outside of the postal monopoly has grown significantly in recent years.

- a. How can the Postal Service remain viable as letter mail volume declines?

If confirmed, I look forward to delving more deeply into this issue. At this stage, however, I do not have all the information I would need to make an informed decision about such a specific policy question. My approach in situations like this is to learn as much as possible about an issue by reading and discussing with experts. When possible, I like hearing competing points of view. The next step would be to discuss the issue with management and other interested parties. The public interest would be at the heart of any decision I reach.

- b. How can the Postal Service take advantage of the growing popularity of e-commerce and package delivery?

As with the preceding question, at this stage, I do not have all the information I need to make an informed decision about such a specific policy question. If confirmed, I would follow the decision-making approach outlined in the answer to Question 15(a).

That said, as I currently understand it, the USPS is already taking advantage of expanded package delivery for ecommerce transactions. And there are likely many avenues available for exploration for increased participation by the USPS in expanded package delivery.

- c. What new actions should the Postal Service take to maintain its viability and competitiveness in both its traditional lines of business and in potential growth areas?

As with the preceding question, at this stage, I do not have all the information I need to make an informed decision about such a specific policy question. If confirmed, I would follow the decision-making approach outlined in the answer to Question 15(a).

If confirmed, I look forward to working with my fellow Board members to ensure that the USPS look at all appropriate sources for new revenue and explore new growth areas.

- d. What do you believe are the proper limitations of the Postal Service with respect to competition with the private sector?

As with the preceding question, at this stage, I do not have all the information I need to make an informed decision about such a specific policy question. If confirmed, I would follow the decision-making approach outlined in the answer to Question 15(a). I would consider this seriously in light of my fiduciary obligation to protect the public interest.

- e. How proactive should the Board be in identifying areas for the Postal Service to cut costs quickly so that it can cover its operating expenses?

I believe the Board should be proactive at looking at comprehensive solutions to maintain the strength and vitality of the USPS. I believe it's important to look at the totality of the circumstances. A comprehensive solution will no doubt entail cost reductions, but it could just as importantly require expansions or investments in other areas. If confirmed, I would look at the whole picture, being very mindful of my fiduciary obligation to consider the long-term interest of the public.

- f. What is the Board's role and responsibilities in identifying opportunities for Postal Service to increase volume?

I believe it is the role and responsibility of the Board of Governors to conduct long-range planning for the USPS. At first blush, the issue of mail volume seems to me to be an issue that would be addressed as part of long-range planning.

16. What are your views on the "universal service obligation" and the various delivery methods currently employed to carry out this mandate (e.g., six day delivery, the overnight delivery standards)? In other words, how do you view the current service standards and delivery frequency with respect to the obligation for service to every American?

I believe in the universal service obligation. But at this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If

confirmed, I look forward to delving more deeply into this issue. I think these are important issues that must be addressed.

17. The Government Accountability Office (GAO) again included the Postal Service on its High-Risk List in 2013 because of its precarious financial condition. GAO added the Postal Service's financial condition on its high-risk list in 2009 after removing it in 2007. In your view, what should be the Postal Service's strategy for improving its financial condition and restructuring its business model to ensure its long-term viability, in addition to any factors that the Postal Service has announced as part of its new business model?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed.

18. On February 2, this committee approved S. 1486, the Postal Reform Act. The legislation attempts to address in a comprehensive way the financial, operational, and other challenges faced by the Postal Services and highlighted by GAO. Does this bill, in your view, adequately address the problems facing the Postal Service?

I am aware that the Postal Service and the Board of Governors have been seeking comprehensive legislative reform for a long time. I am also aware that there is broad support for many of the reforms in S. 1486. If confirmed, I look forward to working with my fellow Board members, Congress, the Administration and the broader community of stakeholders in the postal community to get the reforms that require legislation enacted as soon as possible.

19. In order to ensure the future financial viability of the Postal Service, the Postal Service needs to address its healthcare costs and future healthcare liabilities. To help achieve this goal, S. 1486 creates a new postal-only health program within the Federal Employee Health Benefits Program that would require Medicare-eligible postal annuitants to enroll in Medicare as a condition of their enrollment and provide postal annuitants with prescription drugs through a Medicare Part D Employee Group Waiver Plan (EGWP). This is in line with the current practices of other businesses that provide health coverage to their annuitants and will provide the Postal Service with significant savings. Do you believe it is appropriate to require Medicare-eligible postal annuitants to participate in Medicare?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into

this issue. I think this is an important issue that must be addressed. It is my understanding that there is broad support for this policy change by the USPS and its collective bargaining units as part of any comprehensive reform. That is an important consideration in a focus on the public interest. If confirmed, I look forward to speaking with stakeholders and learning the details.

20. There are differences of opinion about the privatization of the Postal Service. What are your views on privatization?

I am opposed to privatization of the Post Office. Delivering the mail is a national imperative, referenced in the U.S. Constitution. It has a public purpose and should, in my view, remain public.

21. In recent years, postal management has indicated that the Postal Service has been financially unable to make the investments necessary to replace its aging vehicle fleet or make other capital investments it needs to make in order to remain viable and competitive in the coming years. What steps do you believe the Board should take to prioritize key capital investments and allocate the resources necessary to make them?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed. Saying that, the USPS must be able to meet its responsibility of universal service. Any investments must be made with the long-term interest of the American people in mind. If confirmed, in setting priorities, the public interest would be my focus.

Postal Rates and New Products

22. One of the core principles of the Postal Accountability and Enhancement Act, which was enacted into law in 2006, was to provide Postal Service customers, through the establishment of an inflation-based rate cap, with predictability and stability in pricing. In recent years, however, the restrictions on Postal Service pricing created by the rate cap have played a role in preventing the Postal Service from generating sufficient revenue to cover its costs.

- a. What is your opinion of the inflation-based rate cap as an approach to regulating postal rates?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed.

- b. What role should the Postal Regulatory Commission (PRC) play in studying and/or approving Postal Service pricing decisions?

The PRC has a statutory mandate currently to approve pricing decisions. Many people feel this added layer of regulation is a burden on the USPS. At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed.

23. With appropriate safeguards, S. 1486 would expand a provision in current law regarding the ability of the Postal Service to offer non-postal products.

- a. Under what circumstances should the Postal Service be permitted to offer non-postal products?

I believe in innovation and allowing the USPS to pursue growth opportunities. If statutorily permitted and if there is a sound business plan in place, under the right circumstances and with the right product, I would be supportive of the USPS offering non-postal products. There, of course, should not be unfair competition. As with other decisions, I would follow the approach set forth in the answer to question 15(a).

- b. To what extent do you believe the Postal Service should rely on the provision of non-postal products in its efforts to generate additional revenue?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed. I would listen to stakeholders and others to determine what percentage of the postal business operations should be derived from non-postal activities. I would follow the approach set forth in my answer to question 15(a).

That said, given the size of the Postal Service, with \$66 billion in revenue in 2013, it's highly unlikely that any new non-postal products could supersede postal product revenue for the foreseeable future. Moreover, I believe it

essential to focus on revitalizing and retooling the core business of the USPS as well – mail and package delivery – and not just to look to non-postal products.

- c. How would you ensure the Postal Service does not unfairly compete with the private sector in selling non-postal products?

As with the preceding question, at this stage, I do not have all the information I need to make an informed decision about such a specific policy question. If confirmed, I would follow the decision-making approach outlined in the answer to Question 15(a). I would consider this seriously in light of my fiduciary obligation to protect the public interest.

- 24. How can the Postal Service better take advantage of its current authorities to make the mail more appealing and valuable to customers and attract additional mail volume?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue and would follow the approach set forth in the answer to question 15(a). I think this is an important issue that must be addressed.

Facility Closings and Service Changes

- 25. What role should the Board have in decisions to realign postal retail and mail processing networks, including decisions to close specific facilities?

I believe these are very important decisions. If confirmed, I look forward to delving more deeply into this issue. I would discuss the issue with my fellow Board members and, among other things, would find out whether the Board has set policy parameters for management to follow in making those decisions. At first blush, it seems to me that such a policy would be in the public interest.

- 26. How can the Board ensure the Postal Service communicates with its customers and employees so that they are aware of updated information on the consolidation process, as it becomes available?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed. I would discuss with my fellow Board members and assess the effectiveness of a communications plan.

27. According to GAO, approximately 41 percent of postal revenue comes from alternate retail channels such as the Postal Service website, automated postal centers, and contract postal units. Do you believe the Postal Service should increase the use of alternate retail channels, and if so, how should this be accomplished?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed. That said, I believe it is in the public interest for the USPS increase convenience and accessibility to its products, which could also increase volume. I would

28. In recent years, the Postal Service has proposed both the elimination of Saturday delivery of some classes of mail as well as changes to the overnight service standard.

- a. What is your opinion of the Postal Service's proposals to eliminate Saturday delivery of some classes of mail to lower certain service standards?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed. With those considerations in mind, I would need to understand the true impact on jobs, whether the cuts would apply equally to urban and rural areas, whether the cuts were part of a comprehensive plan. I would also want to hear from stakeholders to best determine the public interest.

- b. What steps should the Postal Service take to ensure that any service changes it makes do not disproportionately harm rural customers and are consistent with the Postal Service's universal service obligation?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed. With those considerations in mind, if confirmed, I would look seriously at the impact of any service cuts on rural customers. I believe that rural customers should not be disproportionately harmed and that they might have different needs access from urban customers.

Workforce-Related Issues

29. The Postal Service has been reducing its workforce, including through hiring freezes, early retirements, incentive payments for some targeted attrition, and other ways. Does the Postal Service have sufficient flexibility to adjust its workforce to changes in mail volume? If not, what additional flexibility is needed?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed. Saying that, based on the knowledge I do have about the reduction in workforce through attrition and retirement, it appears at first blush that the USPS does have the tools and flexibility it needs.

30. As an increasing number of postal executives, managers, and supervisors are eligible to retire, how can the Board work with postal management to address these challenging succession, continuity, and associated cost issues?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

31. In recent years, performance-based compensation systems have been implemented for postal executives, as well as managers and supervisors. The success of these systems depends on the credibility of the performance measures. How can the Board ensure the credibility of the Service's performance-based compensation systems? Do you have an opinion about performance-based compensation?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed. As with performance-based compensation anywhere, the key to setting the policy will be setting the standards by which performance is measured, and maintaining credibility to assure that the performances are fairly measured and compensation justly matches actual performance.

If confirmed, I would explore the issue in depth and discuss it with stakeholders and experts, keeping in mind my fiduciary duty to the public interest. I would follow the decision-making approach outlined in the answer to Question 15(a).

32. The Postal Service is subject to Occupational Safety and Health Act workplace safety laws in the same manner as private-sector employers. How can the Board help ensure compliance with applicable workplace safety laws and encourage efforts to improve safety and reduce costs associated with workplace injuries?

The workplace must always be safe. At this stage, however, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

33. S. 1486 would require the Postal Service in the coming years to begin paying down its long-term workers compensation obligation. Do you agree with this approach in S.1486?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

That said, there are serious issues that must be considered here. While the Board needs to make a plan to fund long-term obligations, any plan should, in my judgment, take into consideration the need to make short-term investments as well. As with all decisions, the Board should evaluate the long-term implications and make decisions based the general public interest.

34. Please describe the kind of labor-management relationship you believe is most desirable at the Postal Service.

I support collective bargaining.

35. What is the Board's role in ensuring effective cooperation between postal management and Postal Service labor unions?

I believe that members of the Board, while retaining sole allegiance to the public interest and maintaining their fiduciary obligations as governors of the USPS, can help foster goodwill by keeping lines of communication open and by encouraging dialogue and good communication between management and union leadership.

Mail Safety and Security

36. What is your opinion of the Postal Service's current programs to manage risks posed by suspicious mail to enhance the safety and security of the mail?

Safety of workers and the public should also be paramount. However, at this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I think this is an important issue that must be addressed.

If confirmed, I will listen closely to the experts from the USPS Inspection Service, as well as seek the input from other with valuable insight and experience. Ensuring greater mail security is important to everyone, and senior management, the Inspection Service, and the front-line workers and their unions all have an important role to play.

37. What are the tradeoffs that should be considered to determine what actions the Postal Service should take to enhance the safety and security of the mail – for example, in terms of potential impacts on postal operations and service delivery?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

See answer 36.

38. What is your opinion about increasing the use of cluster boxes to improve security of the mail? Generally, what do you believe the Postal Service should do to ensure that businesses and residential customers use cluster boxes to an appropriate extent?

At this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

39. What steps should the Postal Service take to maintain trust and credibility with its employees and customers that the mail is safe? How can the Postal Service improve its response to hazardous incidents to ensure that appropriate safety procedures are understood and followed by all employees?

Safety of workers and the public should also be paramount. However, at this stage, I do not have sufficient information to make an informed decision about such a specific policy question. If confirmed, I look forward to delving more deeply into this issue. I would follow the decision-making approach outlined in the answer to Question 15(a). I think this is an important issue that must be addressed.

IV. Relations with Congress

40. Do you agree, without reservation, to respond to any reasonable summons to appear and testify before any duly constituted committee of the Congress if you are confirmed?

Yes.

41. Do you agree, without reservation, to reply to any reasonable request for information from any duly constituted committee of the Congress if you are confirmed?

Yes.

V. Assistance

42. Are these answers your own? Have you consulted with the Postal Board of Governors or any interested parties? If so, please indicate which entities.

These answers are my own. I have consulted on a very general basis with Scott Slusher of the USPS, but the answers are solely my own.

I, Victoria Reggie Kennedy, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.


(Signature)

This 6th day of July, 2014

Senator Tom A. Coburn
Additional Questions for the Record (QFRs)
Nomination of Victoria Reggie Kennedy to be a Governor, U.S. Postal Service
July 15, 2014

1. This Committee has formulated legislation to help restore the Postal Service to financial viability.

- a. Do you support this legislation?

I strongly support comprehensive postal reform that provides for the long-term financial viability of the Postal Service. And I believe that the long-term viability of the Postal Service is essential for the nation as a whole. I particularly support empowering the Board of Governors to be able to better exercise their fiduciary duty to act in the public interest.

- b. The bill gives more authority to the Governors to direct the activities of the Postal Service. Do you think it is important that the Board of Governors be allowed to make business decisions vital to the future of the Postal Service?

Yes, I do.

- c. With authority comes responsibility. In particular, the Governors have to make hard-headed business decisions. Why do you think you are prepared to make the kinds of hard decisions needed to save the Postal Service?

I have never had a problem making hard decisions. I am an attorney, a strategic consultant and a member of multiple boards, and the way I have always done business is to be as informed as possible and then make the best decision possible under the circumstances.

Indeed, all of my experience in law, consulting or board service, requires analyzing a situation, crafting strategy and moving forward. There are invariably very tough calls along the way. Making hard decisions is part of the job.

- d. How has your professional background prepared you to take on this job?

The Postal Service is without doubt in a period of serious financial crisis. The reasons for the crisis are myriad and complex. My professional background and training have prepared me to examine a problem from a 360 point of view and to look at solutions in a comprehensive way as well.

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I am an attorney, experienced in working and representing clients in a heavily regulated environment. In the private practice of law, I represented federally-insured depository institutions undergoing serious financial challenges requiring mergers, recapitalizations and restructuring. I also represented both banks and borrowers in restructuring large loan transactions.

I also represent and advise clients who do business in the non-banking sector, both with and without regulatory oversight. I also am a consultant in connection with the incubation and acceleration of innovative start-up companies.

Additionally, I serve or have served on numerous non-profit boards where, in almost every instance, I have served in leadership positions.

If confirmed, I believe that these experiences would be beneficial in addressing the financial challenges facing the USPS and would allow me to make a worthwhile contribution to the Board of Governors as it seeks to develop long-term plans to address those problems.

I also have extensive experience with the workings of our government and have been involved with public policy issues ranging from banking to labor issues to healthcare to the working of the United States Senate, among other things. If I am confirmed, I believe that all of these experiences would also be beneficial to my ability to address the myriad complex issues facing the USPS.

2. The Postal Service is supposed to be self-financing like a business, yet is still part of the federal government.

- a. In what ways should the Postal Service operate like a business, and in what ways should it operate like a government agency?

The Postal Service is in an interesting, hybrid institution. As described in 39 U.S.C. § 101, the Postal Service clearly has a governmental function:

- (a) The United States Postal Service shall be operated as a basic and fundamental service provided to the people by the Government of the United States, authorized by the Constitution, created by Act of Congress, and supported by the people. The Postal Service shall have as its basic function the obligation to provide postal services to bind the Nation together through the personal, educational, literary, and business correspondence of the people. It shall provide prompt, reliable, and efficient services to patrons in all areas and shall render postal services to all communities. The costs of establishing and

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maintaining the Postal Service shall not be apportioned to impair the overall value of such service to the people.

39 U.S.C § 101a).

To fulfill that governmental function, the Postal Service has been granted certain monopoly privileges by law, while its operations are governed by extensive federal laws and regulations, and laws with oversight by Congress. On its business side, the USPS must be self-supporting through the sale of postage in performing its public objective, it receives no appropriations for operations, and competes for customers in the marketplace.

Given its hybrid nature, there are inevitable tensions between its governmental purpose and the mandate to operate like a business. For instance, the Board of Governors doesn't have the full powers of a corporate board of directors and there are regulatory overlays that limit its flexibility, possibly preventing the USPS from taking swift advantage of innovation the way a business might. All of those things certainly prevent the USPS from being run, in a pure sense, like a business.

b. Do you think the current balance today tilts too far in either direction?

No, but I believe we must acknowledge its hybrid nature, and allow it to accomplish its public purpose while operating more like a business. I believe its regulatory scheme needs to be simplified, the Board of Governors needs to be empowered to do their job and the Postal Service needs to have the flexibility to be nimble enough to take advantage of innovation and opportunity.

3. The Postal Service, including its Board of Governors, has called for a move to five-day delivery, which it says would save \$2 billion a year.

a. Do you think the Board should re-evaluate its long-standing support for five-day delivery?

I believe that ideas should always be re-examined and updated in light of current situations and with a look to operations as a whole. I also believe that plans should be looked at with an eye toward long-term planning. Accordingly, I think five-day delivery should be looked at with fresh eyes in light of the whole.

b. How would you evaluate proposals to eliminate Saturday delivery?

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I approach the issue of Saturday delivery the way I approach all decision-making. I want to gather as much information as possible, hear from all stakeholders and look not at just at short-term benefits but also long-term implications.

I have very specific initial questions, but no doubt would have more as my inquiry continued: Is it appropriate to have a one-size fits all policy for the whole country, and could adjustments be made within the requirements of universal service? What is the effect of factors such as falling mail volume? How many jobs would be lost by reducing the number of delivery days? Would such a change cause First Class mail volume to fall further or more rapidly because of the delay in delivery, and if so, by how much? How would such a service reduction fit into a larger comprehensive plan? In challenging senior management, I would want to ensure that any proposal or change was in the long-term best interest of the USPS and the American people.

4. The Postal Service's labor unions enjoy something that almost no other American worker receives – a "no layoff clause." This means that even if a postal worker's distribution plant is closed, he or she cannot lose their job.

- a. Do you think this kind of restriction on the Postal Service is an impediment to shaping its workforce?

While I know in that the USPS has, in the past, asked Congress to examine lifting the "no lay-off clause," my understanding is that this request was in the context of a reform plan that was roundly rejected and has since been superseded by other proposals with broader acceptance.

From 1999 through today there has been a 37% reduction in the number of career Postal Service employees – from 798,000 to 490,000 – through normal attrition, voluntary retirement incentives and careful work force management, without the need to resort to lay-offs. Further, it is my understanding that the Postal Service has a significant number of retirement-eligible or soon-to-be retirement-eligible employees, which suggests that presently the Postal Service has the needed flexibility to shape its workforce.

While I appreciate the frustration and lack of flexibility that a "no layoff clause" might cause management, in my judgment that issue should left to negotiation

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between management and labor, especially considering the success the Postal Service has demonstrating using its current authority.

- b. What kinds of workforce flexibilities do you think are helpful in large organizations?

I believe in collective bargaining, especially in large organizations.